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HEALTH SERVICE BOARD
RATES AND BENEFITS COMMITTEE

NOTICE AND AGENDA

Monday, January 13, 2003
10:00 AM
City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

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❑ **Call to Order**		
❑ **Roll Call**	Commissioner Deignan, Chair Commissioner Breslin Supervisor Chris Daly Commissioner Heldfond Commissioner Van Runkle Commissioner Welch, MD, MPH President Zvanski *(ex officio)*	
❑ 01132003-01	**Action Item**	**Approval (with possible modifications) of the minutes of the following meeting:** • **Meeting of December 17, 2002** *Documents provided to Committee prior to meeting: Draft version of the minutes.* Staff Recommendation: Approve draft minutes Public Comments: Action:
❑ 01132003-02	**Discussion Item**	**Additional HMO Rating Scenarios** ▪ **Blue Shield** ▪ **Health Net** ▪ **Kaiser** *Documents provided to Committee prior to meeting:* None Public Comments:
❑ 01132003-03	**Discussion Item**	**Additional Plan 1 Rating Scenarios** *Documents provided to Committee prior to meeting*: None Public Comments:
❑ 01132003-04		**Dental Plan Ratings** *Documents provided to Committee prior to meeting:* None Public Comments:
❑ 01132003-05	**Discussion Item**	**Opportunity To place items on future agendas.** Public Comments:

❑ 01132003-06	Discussion Item	**Opportunity for the public to comment on any matters within the committee's jurisdiction.** Public Comments:

Adjourn

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January 13, 2003

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Health Service Board
Rates and Benefits Committee

MINUTES
Monday, January 13, 2003
10:00 AM

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

- Call to Order
- Roll Call

Commissioner Deignan, Chair
Commissioner Breslin, Arrived after Item #1

Commissioner Heldfond
Commissioner Van Runkle

Commissioner Welch, MD, MPH

President Zvanski *(ex officio)*

- 01132003-01 Action Item

Approval (with possible modifications) of the minutes of the following meeting:

· Meeting of December 17, 2002

Staff Recommendation: Approve draft minutes

Public Comments: None

Action: Motion was moved and seconded by the commissioners at the January 28, 2003, Rates and Benefits Committee meeting to approve the minutes. Motion passed 3 to 0.

- 01132003-02 Discussion Item

Mayor's Budget Office Presentation (*Ben* Rosenfield)

- The Mayor's Office received a budget report from the Governor's Office for fiscal year 2003-2004 last Friday, January 10, 2003. Mr. Rosenfield stated that the Rates and Benefits Committee is the first to hear the "bad news" report The *State Budget Impacts on San Francisco's General Fund* report is attached as

Schedule #1 and is divided into three parts:

1. Final Budget

- Total $7,966,000

2. Governor's Mid Year Reduction Plan

- Total $30,864,000

3. Governor's January 2003-2004 Budget

- Total $113,933,333

- Biggest impact ($104,833,333) is the citywide withdrawal of state vehicle license backfill.

- State reduction total is $152,763,333

City General Fund Health and Dental Benefits Costs

(Assuming Status Quo Plan Renewals, Dollars in Millions) was distributed to the Committee by Mr. Rosenfield and is attached as Schedule #2. Information includes additional cost to the total (estimated) and percentage during fiscal years 2002-2003 and 2003-2004 for the following groups:

1. Active - health benefits

- $14.6 million total increase

2. Active-dental benefits

- $0.7 million-total increase

3. Retiree benefits

- $5.3 million-total increase

4. City General Fund Costs

- $20.6 million-total increase

• Total increase given for each of these groups are "estimates" and the Controller is currently reviewing the quotes.

• Mr. Rosenfield asked the Committee to consider the information in this report as they

plan the health and dental rates for the next fiscal year. If appropriate, Mr. Rosenfield stated that he would return and present proposed changes (for the Committee's consideration) to the health and dental benefits for the 2003-2004 fiscal year at the next Rates & Benefits meeting.

Committee Comments

- Dr. Welch requested that the Committee would like to receive these proposals for review in advance of the meeting. Mr. Rosenfield said that he would provide the document by next week.

- Dr. Welch also requested that Towers Perrin incorporate all proposed rating scenarios (Mayor's Budget Office included) for a better review by the Committee.

- Mr. Rosenfield confirmed that he has met and had discussions with staff from the Health Service System, Towers Perrin, and the Controller's Office, regarding proposal presentation and presented recommendations for the Health Service Board to consider.

- Chair Deignan and the commissioners agreed that they are not pleased with not being informed or present at meetings that included discussions about plan design changes related to the budget deficient.

- Yvonne Hudson stated that discussions in the meeting were regarding Towers Perrin's previously presented document regarding status quo renewal rates and the procedures and process to arrive at rates. Design changes were not specifically discussed. Mr. Rosenfield was informed of the necessity of presenting any recommendations towards plan changes to the Rates & Benefits Committee.

- Commissioner Scott Heldfond stated that because of the tight timeline, it is important that Towers Perrin give the Committee all proposals and documents regarding design changes as soon as possible.

- Rebecca Saroyan stated that this is the first year for encouraged active participation from the Mayor's Office with the Health Service System and the Rates and Benefits Committee. This has contributed to the communication problem. The Committee will review proposals and recommendations from the Mayor's Office before

voting and making final decisions.

- Mr. Rosenfield apologized to the commissioners for the communication error and promised to give advance notice regarding all proposals and meetings.

Public Comments:

- Diane Hermann stated that she did not receive the revised agenda and expressed concern regarding the Committee's response to the budget deficient and its impact upon the retirees.

- Rebecca Saroyan stated that the Mayor's Budget Office requested a meeting with the Rates and Benefits Committee following a 9:00 AM meeting on last Friday. The revised agenda was issued within the 72-hour public notice that is required by the Sunshine Ordinance.

- 01132003-03 Discussion Additional HMO Rating Scenarios

Item

- Michael Hilton of Towers Perrin, presented the *July 1, 2003 Renewals Update for the City and County of San Francisco*. This 37-page document is attached as Schedule #3. Mr. Hilton stated that he is available for questions and feedback following their review of the report. Contents of the report are:

  - HMO Rate Renewals

  - HMO Benefit Design Changes

  - Plan 1 Rate and Fee Renewals

  - Plan 1 Benefit Design Change

  - Vision Rate Renewal

  - Dental Rate and Fee Renewals

  - Dental Benefit Design Changes

  Appendices

  - HMO Scenarios:

  - Health Net (A1-A2)

  - Kaiser (B1-B2)

  - Blue Shield (C1)

Public Comments: None

- 01132003-04 Discussion Item Additional Plan 1 Rating Scenarios

  • Mike Kramer presented to the Commissioners the *CCSF Health Service Trust Fund in a Nutshell* (As of June 30, 2003), attached as Schedule #4. This report consisted of the following details:

  - Assets (as reported by KPMG)

  - Liabilities (as reported by KPMG)

  - Total liabilities (other than IBNR)

  - Net assets (before IBNR)

  - OBNR (medical, pharmacy, & dental)

  - Net assets available for benefits ($38,377,032)

  - Additional "target" or "6 months" reserve

  - Trust surplus ($28,611,353)-more information regarding the trust fund subsidy on pages 15-18 "Status Quo Renewal for Plan 1 (Schedule #3).

  - Potential claims against surplus and total.

  • Committee reviewed and discussed Plan 1 benefits and design changes (pages 19-23) Towers Perrin's renewal report (Schedule #3).

  Public Comments:

  • Nancy Gin, retiree, requested that the Committee should try to make Plan 1 more equitable to the Medicare members.

- 01132003-05 Action Item Decision Regarding Administration of Transgender Benefits for Plan Year 2003-2004.

  • Roland Mittica referred to a document presented to the full board last Thursday regarding the benefit design and financing impact of the transgender benefits, if the responsibility is transferred to the HMOs. This document is attached as Schedule #5.

  Public Comments:

  • Jane Fronk of Kaiser, stated that there would

be a joint meeting with the Department of Managed Health Care (DMHC) on Friday of this week. Filing with DMHC includes a $75,000 cap, no waiting period, as well as travel and lodging for members (requirement for all HMOs).

- Dr. Welch stated that it is important that DMHC understand that the 1-year waiting period is an employee issue (i.e. employment with the City), not just a benefit issue.

- Mike Kramer stated in clarification, that the rule created transgender benefit utilization is a 1-year Health Service System membership (employee, retiree, or dependant etc.) requirement.

Action: Motion was moved and seconded by the Committee to maintain transgender benefits in Plan 1 for 2003-2004 as it currently stands. Motion passed 6 to 0.

- 01132003-06 Discussion Item

Dental Plan Ratings

- This report is part of the Towers Perrin Renewal Report (Schedule #3, Pages 25-31).

1) Dental renewal overview for:

- Insured Dental Plans-PMI, Delta Dental, Pacific Union

- Reconciliation of dental rate action with 2001-02 experience

- Use of dental gains to offset City contributions

2) Dental Benefit Design

- Night guards (includes bruxism)

- Adding orthodontia benefits for retirees.

Public Comments: None

- 01132003-07 Discussion Item

Opportunity To place items on future agendas.

- DMHC Filing (discussion and possible action to the full board)

- Minutes for December 17, 2002

- Claims experience report from Towers Perrin

- Chair Deignan stated that all reports for the

		next Rates & Benefits meeting should be submitted to the Committee for their review by Thursday, January 23, 2003. Public Comments: None
• 01132003-08	Discussion Item	Opportunity for the public to comment on any matters within the committee's jurisdiction. Public Comments: None

Adjourn

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HEALTH SERVICE BOARD
RATES AND BENEFITS COMMITTEE

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NOTICE AND AGENDA

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Tuesday, January 28, 2003
10:00 AM
City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

❑ **Call to Order**

❑ **Roll Call**

Commissioner Deignan, Chair
Commissioner Breslin
Commissioner Heldfond
Commissioner Van Runkle
Commissioner Welch, MD, MPH
President Zvanski *(ex officio)*

❑ **01282003-01** — **Action Item**

Approval (with possible modifications) of the minutes of the following meetings:

- **Meeting of December 17, 2002**
- **Meeting of January 13, 2003**

Documents provided to Committee prior to meeting: Draft version of the minutes.

Staff Recommendation: Approve draft minutes

Public Comments:

Action:

❑ **01282003-02** — **Discussion Item**

Mayor's Budget Office Presentation (Ben Rosenfield)

Documents provided to Committee prior to meeting: None

Public Comments:

❑ **01282003-03** — **Discussion and Possible Action Item**

Additional HMO Rating Scenarios

- **Blue Shield**
- **Health Net**
- **Kaiser**

Documents provided to Committee prior to meeting: None

Staff Recommendation: None

Public Comments:

❑ 01282003-04	Discussion and Possible Action Item	**Additional Plan 1 Rating Scenarios** *Documents provided to Committee prior to meeting: None* Staff Recommendation: None Public Comments:
❑ 01282003-05	Discussion and Possible Action Item	**Vision Plan Ratings** *Documents provided to Committee prior to meeting: None* Staff Recommendation: None Public Comments:
❑ 01282003-06	Discussion and Possible Action Item	**Dental Plan Ratings** *Documents provided to Committee prior to meeting: None* Staff Recommendation: None Public Comments:
❑ 01282003-07	Discussion Item	**Opportunity To place items on future agendas.** Public Comments:
❑ 01282003-08	Discussion Item	**Opportunity for the public to comment on any matters within the committee's jurisdiction.** Public Comments:

Adjourn

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City & County of San Francisco
Health Service System

January 28, 2003

Health Service Board
Rates and Benefits Committee

Minutes
Tuesday, January 28, 2003
10:00 AM

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

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- Call to Order
- Roll Call — Commissioner Deignan, Chair
  Commissioner Breslin

  Commissioner Heldfond, Excused
  Commissioner Van Runkle

  Commissioner Welch, MD, MPH (arrived after Item #1)

  President Zvanski *(ex officio)*
- 01282003-01 — Action Item — Approval (with possible modifications) of the minutes of the following meetings:

  · Meeting of December 17, 2002

  · Meeting of January 13, 2003

  Documents provided to Committee prior to meeting: Draft version of the minutes.

  Staff Recommendation: Approve draft minutes

  Public Comments: None

  Action: Moved and seconded by the Committee to approve minutes for December 17, 2002 and January 13, 2003. Motion passed 3 to 0.
- 01282003-02 — Discussion Item — Mayor's Budget Office Presentation

  - Mr. Steve Kawa, Deputy Chief of Staff, of the Mayor's Budget Office, presented the following documents for the Committee to review:

A budget proposal from the Mayor's Budget Office, *Possible Health and Dental Plan Changes for Fiscal Year 2003-2004*, attached as Schedule #1. Mr. Kawa stated that this is the first time in his twelve years with the Mayor's Budget Office that he had to make a request to the Rates & Benefits Committee. The City is facing a $350 million deficit in the general fund and a status quo renewal of the Health and Dental benefits will result in a $20.6 million increase to the City's general fund budget. This proposal is divided into two parts with the projected General Fund (GF)savings (in millions) included:

1. Health Plan Benefit Design Changes - includes designated scenarios for each of the HMO's and City Plan 1:

- Kaiser (K-10)

- Health Net (H-16)

- Blue Shield (B-9)

- City Plan 1 (P1-3)

2. Use of Fund Balances

- Apply $7 million HMO Gap dollars to reduce HMO dependent premiums

- Apply $7 million of City Plan 1 surplus to reduce dependent City Plan 1 premiums.

- Reduce dental rates using available surplus

• A total saving to the City's General Fund versus status quo renewal of the Health and Dental benefits is $8.0 million.

• Peg Stevenson from the Controller's Office, stated in clarification of the rating process, that a cash problem in the dental fund for the payment of claims is a City problem.

Summary of Scenarios Including General Fund Monthly Cost, attached as Schedule #2. This report, dated January 28, 2003 is from the Controller's Office, and is provided to the Rates and Benefits Committee: "For Information Only." The summary of scenarios with the general fund cost is given for each of the HMOs and City Plan 1. Details include 2002-03 current/various status scenarios of the following:

- Plan design options

- Full premium rates

- Member monthly contribution

- Gap dollars

Committee Comments

• Julian Low, Budget Analyst of the Mayor's Budget Office, confirmed that the applied surplus funds to the dependents ($7 million HMO gap dollars and $7million of City Plan 1) will produce most impact for the members as well as the general fund (Part 2 of Schedule #1). Mr. Low recommended that the Committee should use these funds to offset benefit premiums.

• Peg Stevenson of the Controller's Office, stated that the Rates & Benefits Committee requested at the last meeting a document showing the general fund monthly cost in scenarios created by Towers Perrin. Consequently, Towers Perrin forwarded the report to the Controller's Office and the last line regarding the *"Monthly General Fund Cost"* was added (Schedule #2).

Committee Comments

• The monthly general fund cost for the Health Net scenarios are much higher than the other HMOs and Plan 1 because of their large membership.

• The general fund cost is from contributions from active members only. It does not include contributions from the school district.

• The Committee referred to the Towers Perrin's report from last meeting (Health Service Trust Fund in a Nutshell, as of June 30, 2002) for clarification and discussion of the Trust Fund 6 month reserve ($9,765,679) and Trust fund surplus amount ($28,611,353). Copies of this report were distributed to the public.

• Mike Kramer stated in clarification to Dr. Welch's question regarding the trust fund reserve amount, the total funds in the trust fund reserve represents the IBNR total ($14,911,589) and the additional "target" or "6 month" reserve ($9,765,679).

- Dr. Welch stated that there is sufficient reserve to support applying to both HMOs and Plan 1. However, with the big budget deficient and increased cost in health care, it is not logical that the Committee would not rationally apply some of the reserves to offset the cost of member premiums.

- Commissioner Zvanski questioned the source and validity of the trust fund reserve.

- Rebecca Saroyan reminded the Committee that the $2.3 million (in the Mayor's report (Schedule #1) is money overpaid by the City for dental premiums and is not money for the Board to spend.

- Dr. Welch stated that the liability in the payment of claims is accounted for in the IBNR report (Incurred But Not Reported) from Towers Perrin and is based on experience.

- Commissioner Van Runkle approves application of a subsidy from the HMO gap dollars to offset HMO rates for members.

Applying subsidy to the HMOs

- Commissioners Breslin, Deignan and Zvanski are not in favor of applying subsidy to HMOs. Dr. Welch and Commissioner Van Runkle are in favor of applying subsidy to HMOs.

Public Comments: regarding to the proposal from the Mayor's Budget Office:

- Diane Hermann wanted to know why reduced infertility testing cost is blank in the projected general fund cost savings and what is the Board's role (historically) in distributing gap dollars to all of the beneficiaries.

- Kay Wong stated that there should be an itemized report from the Mayor's Budget Office showing how the money that they are requesting will be spent. Ms. Wong reminded the Committee that those that retired 10-20 years ago are living off yesterday's pension and are expending on today's expenses.

- Nancy Gin stated that the City has not put any money into retirement system in over 10 years and urged the Committee not to contribute any money to "fix" or

restore the City's deficit problem.

- Jean Thomas advised the Committee to get more details regarding what the City is asking and to remember that in addition to other problems already mentioned by previous speakers, the retirees also have to pay their own dental insurance.

- Dave Meyer stated that money taken from the trust fund and put in the general fund will never be given back.

- Mike Hible stated that the Committee should have more participation from City employees and with collective bargaining.

- John Lehane stated that $7(corrected to $14million) million dollars should not be taken from the trust fund to the general fund.

- Gerald De Ryan reminded the Committee that their fiduciary responsibility is to maintain the trust fund and the current costs to the retirees.

- Leo Martinez received clarification from the Committee regarding how the large membership in Health Net affects the total of expenses shown in the balance of the general fund.

- Bernard Crotty reminded the Committee of their fiduciary responsibilities, per the City Charter, as trustees to the trust fund.

- Lois Scott stated that as a representative of the active members of Local 21, the members who are member of Plan 1 have expressed concern regarding the integrity of the trust fund and the effects in removing funds be explored.

- 01282003-03 Discussion and Possible Action Item Additional HMO Rating Scenarios

  - The Committee received the *CCSF July 1, 2003 Renewals Update, dated January 28, 2003*. This Towers Perrin's report is attached as Schedule #3. Contents of this report (60 pages) are as follows:

    - Changes Since Last Update (1/13/03)

    - HMO Rate Renewals

- HMO Benefit Design Changes

- Plan 1 Rate & Fee Renewals

- Plan 1 Benefit Design Changes

- Vision Rate Renewal

- Dental Rate & Fee Renewals

- Dental Benefit Design Changes

Appendices

A. HMO Scenarios - Health Net

B. HMO Scenarios - Kaiser

C. HMO Scenarios - Blue Shield

D. Plan 1Scenarios

Committee Comments

Pharmacy Copay

- Commissioner Karen Breslin reminded Mike Kramer of the following scenarios (requested previously) that she would like to review the pharmacy copay:

  - Kaiser (K14) $5/$10)

  - Blue Shield (B13) $5/$10/$20

  - Health Net (H25) $5/$10/$20

- Commissioner Breslin and Dr. Welch stated an interest in seeing the pharmacy copay scenarios for $10.

- Commissioner Deignan is status quo for the pharmacy copay ($5); also flexible for increase.

- Dr. Welch expressed interest in the following scenarios Health Net H16, H8; Kaiser K10, K11, K3; Blue Shield B9, B10.

- Commissioner Van Runkle stated she would be interested in seeing the following scenarios: (Kaiser) K8, K10, K11; (Blue Shield) B1, B9, B10; and (Health Net) H4, H8, H16.

- Commissioner Zvanski is interested in seeing scenarios: (Health Net) H5, H12, H13 (without pharmacy changes), (Kaiser)- K8, K2; and (Blue Shield)- B1 and B7.

Orthotics

- Dr. Welch is essentially not either for or against the orthotics benefit, but if it is included, the cost of the benefit for the Kaiser HMO member dependents should be offset by any available gap dollars.

- Commissioner Deignan is status quo, but flexible.

Infertility Benefit

- Commissioner Breslin interested in the elimination of the infertility benefit.

- Dr. Welch is interested in limiting the benefit to a 1-lifetime maximum, but would also be comfortable with keeping the benefit as it currently is.

- Commissioner Van Runkle is interested in keeping the benefit with a 1-couse of treatment per lifetime of IVF, GIFT, or ZIFT.

- Commissioner Deignan is status quo, but is flexible.

Public Comments:

- Diane Hermann stated that if the Mayor is requesting part of the reduced premiums of beneficiaries and City mandated contributions (Schedule #1), violates the Charter and the Committee should request a written opinion from City Attorney Dennis J. Herrera, before considering this option.

- Peg Stevenson Stated that she added the last line showing the monthly general fund cost to the Summary of Scenarios report from the Controller's Office.

- Julian Low made additional comments regarding Committee's evaluation of various scenarios and subsidy.

Recess: 11:56 PM

Five-minute recess called by Chair Deignan.

Meeting Reconvene - 12:04 PM

- Rates & Benefits Committee meeting called to order by Chair Deignan.

- 01282003-04 Discussion and Possible Action Item

Additional Plan 1 Rating Scenarios

- Mike Kramer referred the Committee to Page 2 of the Towers Perrin Report (Schedule #3). Changes since last update (January 13, 2003) included in the following outline are:

1. HMOs (Additional scenarios -Appendices A-C)

2. Plan 1 Changes (Scenarios Appendix D)

- Pharmacy rate change from 12.6% to 13.0% (pages 14, 16)

- Trust fund subsidies of $12, $14, and $15 million added (pages 17-19)

- Trust fund subsidies of all members-Plan 1 HMO (page 20).

- What happens when subsidy ends? (page 21)

- Annual deductible amount

- Out of pocket limit

- Orthotics

- Infertility Benefits

- Matching Plumbers Local 38 plan design.

3. Vision (no changes)

4. Dental (no changes)

- Rebecca Saroyan stated that Proposal #3: to apply the trust fund subsidy directly against retirees' contributions (page 19, Schedule #3), is illegal because it is in conflict with the Charter. The proposal was ruled out.

- Mike Kramer stated that he would be able to give the additional scenarios with subsidy amounts requested by the Committee before the next meeting.

			Public Comments: None
•	01282003-05	Discussion and Possible Action Item	Vision Plan Ratings • Mike Kramer stated that there are no plan changes in rates to the Vision Service Plan. Rates are guaranteed through June 30, 2004. (Page 29, of Schedule #3). Action: Moved and seconded by the Committee to adopt the current Vision Service Plan for fiscal year 2003-2004. Motion passed 4 to 0. Public Comments: None
•	01282003-06	Discussion and Possible Action Item	Dental Plan Ratings • Christina Grimes of Pacific Union stated that she would inform the Committee of the timeline for filing to include bruxism. • Committee agreed, if it is necessary, to accept the Delta Dental benefit as it is currently. • Committee agreed to defer discussions regarding the PMI and Pacific Union benefits until the next meeting. Action: Motion moved and seconded by the Committee to adopt the current Delta Dental benefit for fiscal year 2003-2004. Motion passed 4 to 0. Public Comments: None
•	01282003-07	Discussion Item	Opportunity To place items on future agendas. • PMI • Pacific Union • Continue discussions on health plan scenarios Public Comments: None
•	01282003-08	Discussion Item	Opportunity for the public to comment on any matters within the committee's jurisdiction. Public Comments: None

Adjourn 1:28 PM

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HEALTH SERVICE BOARD
RATES AND BENEFITS COMMITTEE

NOTICE AND AGENDA

Tuesday, February 4, 2003
10:00 AM
City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

❑ **Call to Order**

❑ **Roll Call**

Commissioner Deignan, Chair
Commissioner Breslin
Commissioner Heldfond
Commissioner Van Runkle
Commissioner Welch, MD, MPH
President Zvanski *(ex officio)*

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❑ **02042003-01** **Action Item**

Approval (with possible modifications) of the minutes of the following meetings:

- **Meeting of January 28, 2003**

Documents provided to Committee prior to meeting: Draft version of the minutes.

Staff Recommendation: Approve draft minutes

Public Comments:

Action:

❑ **02042003-02** **Discussion and Possible Action Item**

Additional HMO Rating Scenarios
- **Blue Shield**
- **Health Net**
- **Kaiser**

Documents provided to Committee prior to meeting: None

Staff Recommendation: None

Public Comments:

❑ **02042003-03** **Discussion and Possible Action Item**

Additional Plan 1 Rating Scenarios

Documents provided to Committee prior to meeting: None

Staff Recommendation: None

Public Comments:

❑ 02042003-04	Discussion and Possible Action Item	**Dental Plan Ratings (Delta PMI and Pacific Union)** *Documents provided to Committee prior to meeting: None* Staff Recommendation: None Public Comments:
❑ 02042003-05	Discussion Item	**Opportunity To place items on future agendas.** Public Comments:
❑ 02042003-06	Discussion Item	**Opportunity for the public to comment on any matters within the committee's jurisdiction.** Public Comments:

Adjourn

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HEALTH SERVICE BOARD
RATES AND BENEFITS COMMITTEE

NOTICE AND AGENDA

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Tuesday, September 23, 2003
10:00 AM
City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

- **Call to Order**

- **Roll Call**

Commissioner Zvanski, Chair
Commissioner Breslin
Commissioner Deignan
Commissioner Heldfond
Commissioner Van Runkle
President Welch, MD, MPH *(ex officio)*

❑ **09232003-01**	**Discussion Item**	**Rates and Benefits Timetable** *Documents Provided to Committee prior to meeting:* 2003-*2004 Rates and Benefits Meeting Calendar.* Public Comments:
❑ **09232003-02**	**Discussion Item**	**Rates and Benefits Overview – Norms and Issues (Towers Perrin)** *Documents Provided to Committee prior to meeting:* None Public Comments:
❑ **09232003-03**	**Discussion Item**	**Plan Design Ideas from Interested Parties** *Documents Provided to Committee prior to meeting:* None Public Comments:
❑ **09232003-04**	**Discussion Item**	**Opportunity To Place Items On Future Agendas.** Public Comments:
❑ **09232003-05**	**Discussion Item**	**Opportunity For The Public To Comment On Any Matters Within The Committee's Jurisdiction.** Public Comments:

Adjourn

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September 23, 2003

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Health Service Board
Rates and Benefits Committee

MINUTES

Tuesday, September 23, 2003
10:00 AM

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

- Call to Order
- Roll Call

Commissioner Zvanski, Chair
Commissioner Breslin

Commissioner Deignan, *Absent*

Commissioner Heldfond

Commissioner Van Runkle, *Excused*

President Welch, MD, MPH *(ex officio)*

- 09232003-01 Discussion Item — Rates and Benefits Timetable, Chair Zvanski

  - The Committee members received the 2003-*2004 Rates and Benefits Meeting Calendar*, attached as Schedule #1. Recommendation by the Chair to add additional meetings in November and December because of the holidays.

  Public Comments: None

- *09232003-02* *Discussion Item* — *Rates and Benefits Overview - Norms and Issues (Towers Perrin)*

  - Mike Kramer of Towers Perrin presented a *Task List* for the committee to review. This document, attached as Schedule #2, is a summary of events of issues and processes that includes the participation of constituents and management (i.e. Mayor's Office, public, vendors etc.) for the upcoming Rates and Benefits Committee meetings. Mr. Kramer stated that Towers and Perrin "serve at the pleasure of the Board" and welcomes

guidance from the Board and staff in regards to the preferred role of the actuaries in the process.

• Towers Perrin feels that additional meetings are necessary in order to complete the Rates and Benefit process and recommended extra meetings in November, December, and January.

• Chair Zvanski stated that November 4, 2003 has been added to the November schedule and will be used to hear presentations from constituents. An additional meeting in October is pending information and availability of a hearing room.

• The task list presented to the Committee includes:

Rates and Benefits Overview

- Outlook and expectations for 2004-2005

Tentative Timetable

- 10-County Survey-begin 10/10 -initial report to Board 11/15, follow-up in December, final by January.

- HMO renewals

- City Health Plan renewal

- Dental renewals

- Vision renewals

Board Comments

Commissioner Scott Heldfond

• Clarification of Towers Perrin work plan in regards to HSS and DHR financial reports and rating report of the HMOs in regards to the transgender benefit.

• In addition to potential cost reduction of plan changes that the Committee can make, Towers Perrin should include ways of cost reduction by providers that will benefit the employer and the constituents. Recommended noticing and comparing peer groups (i.e. CalPERs) benefits and pricing of long term care.

• Status of the market in regards to Definity Health Care.

Commissioner Karen Breslin

- Against change in the transgender benefit and would prefer it to stay the same if one year is eliminated and cost increase is to $75,000 if the benefit is carried by the HMOs as per approval by the Department of Managed Health Care (DMHC).

- Jamie Austin stated that the new DHR Finance Manager, Erik Mezack, would handle the status of the trust fund and financial process and a report will be made by him at the next full board meeting. Mr. Austin confirmed that the sub funds of the trust fund are currently being audited by KPMG, however; there is not more than a 10% swing in the net assets of the trust fund as it currently stands, which is what it was last year.

- Commissioner Breslin stated that she is more concerned with how changes (Rates and Benefits process) will affect members versus the City.

Chair Claire Zvanski

- Would like more details in the changes of PERS and how it will affect the contracts with the City.

- Request more information regarding the surplus and the impact it will have on members and potential claims.

- Improvements to the Vision Plan.

- Use some of the surplus to restore out of area claims benefits to 85 percent.

- What will the impact of usage of the surplus in 3-5 years to actives and retirees?

- Analysis of how the surplus originated.

- Towers Perrin stated that they would give a report on the pros and cons and options that might be considered in regards to freezing the rates and subsidy amount (per request of Commissioners Breslin and Zvanski).

Public Comments: None

- 09232003-03 Discussion Item Plan Design Ideas from Interested Parties

Joanne Haggerty of Health Net

- Health Net had to refile (annually) the transgender benefit with DMHC and the cap of

$75,000 is pending until approval.

Jane Fronk of Kaiser

- The Center for Medicare and Medicaid Services does not allow Kaiser to offer coverage arrangements for members that have permanent residence that is out of state because Kaiser receives reimbursement through the state that the member resides in and each state has a separate contract and is regulated differently. Reimbursement amounts vary and are based upon the state.

Public Comments: None

- 09232003-04 Discussion Item Opportunity To Place Items On Future Agendas.

- Review of benefits and providers

Public Comments: None

- 09232003-05 Discussion Item Opportunity For The Public To Comment On Any Matters Within The Committee's Jurisdiction.

Public Comments: None

Adjourn 11:35 AM

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HEALTH SERVICE BOARD
RATES AND BENEFITS COMMITTEE

NOTICE AND AGENDA

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Tuesday, October 28, 2003
10:00 AM
City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

10-21-03A11:21 RCVD

❑ **Call to Order**		
❑ **Roll Call**		Commissioner Zvanski, Chair Commissioner Breslin Commissioner Deignan Commissioner Heldfond Commissioner Van Runkle President Welch, MD, MPH *(ex officio)*
❑ **010282003-01**	**Action Item**	**Approval (with possible modifications) of the minutes of the following meeting:** • Rates and Benefits Meeting of September 23, 2003 Staff Recommendation: Approve draft minutes Documents provided to Committee prior to meeting: *Draft Minutes of Rates and Benefits Meeting* Public Comments: Action:
❑ **010282003-02**	**Discussion Item**	**City Health Plan Renewal-Initial Rating (Towers Perrin)** *Documents Provided to Committee prior to meeting:* None Public Comments:
❑ **010282003-03**	**Discussion Item**	**Plan Design Ideas from Interested Parties** *Documents Provided to Committee prior to meeting:* None Public Comments:
❑ **010282003-04**	**Discussion Item**	**Opportunity To Place Items On Future Agendas.** Public Comments:
❑ **010282003-05**	**Discussion Item**	**Opportunity For The Public To Comment On Any Matters Within The Committee's Jurisdiction.** Public Comments:

Adjourn

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HEALTH SERVICE SYSTEM
1145 Market Street, 2nd Floor
San Francisco, CA 94103

Department of Human Resources

October 28, 2003

Health Service Board
Rates and Benefits Committee

Minutes

Tuesday, October 28, 2003
10:00 AM

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

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•	Call to Order		
•	Roll Call	Commissioner Zvanski, *Chair* Commissioner Breslin Commissioner Deignan Commissioner Heldfond, *Excused* Commissioner Van Runkle President Welch, MD, MPH *(ex officio), Excused* Board Announcement • Chair Zvanski stated that Mayor Brown's State of the City Address will began at 11 AM in the City Hall Rotunda. After taking consensus of the Committee members, they agreed to proceed with the Rates and Benefits meeting and direct the important businesses that is on the agenda and try to finish the meeting by 11:30 AM so that the members and public will be able to attend the program.	
•	010282003-01	Action Item	Approval (with possible modifications) of the minutes of the following meeting: · Rates and Benefits Meeting of September 23, 2003 Staff Recommendation: Approve draft minutes Public Comments: None Action: Moved and seconded by the Committee to approve the draft minutes of September 23, 2003. Motion passed 4 to 0.

•	010282003-02	Discussion Item	City Health Plan Renewal-Initial Rating (Towers Perrin) • Michael Hilton of Towers Perrin presented to the Board a *Draft of the CCSF July 1, 2004 Renewals Update*. This report is attached as Schedule No. 1 and the contents consisted of the following matters: HMO Rate Renewals Overview • Employee only contribution amounts can go up or down and is determined by the 10-County Amount. • Blue Shield's Medicare and Non-Medicare retiree rates will not increase (0.00%). • Member only contributions for the current plan year under Health Net are $24.50 (excluding MOUs) and the renewal rate will be $44.52. Plan 1 Rate and Fee Renewals • Last year justification of increased rates was done through a process that included meetings with the HMOs management teams and underwriters with Yvonne Hudson, Commissioner Zvanski, and Towers Perrin. Detailed discussions regarding development of trend assumptions, claims applied to the City, capitation amounts, renewal increases etc. Mr. Hilton stated that these meetings will continue this year and are scheduled to start in (approximately) a month. • Mike Kramer clarified that the increases based on latest claims experience received are less than the trend factors. Therefore, the current rates are estimated at a higher rate. • Expense amount of $10.26 (Page 5) is the sum of renewal fees taken from Beech Street, Express Scripts, UBH, an administration expense from the trust fund ($1.00). Mr. Hilton reminded the Committee that this report is only and estimate and changes are based upon the 10-County Amount. Plan 1 Topics for Discussion • Commissioner Breslin requested seeing the figures with the deductible reduced to $200, since the rates are higher. • Commissioner Zvanski requested having co-

			pay for some of the medical services. • Yvonne Hudson reminded the Committee to consider the ongoing claims outsourcing RFP as well as the limitation of the System (Wang) when recommending options and revisions to Plan 1. • Commissioner Van Runkle stated that she would welcome information (researched by Yvonne Hudson and Jeffrey Hildebrant) from other public jurisdictions regarding how they manage their rates and plan design and if available, self insured indemnity plans. Yvonne Hudson stated that she has already started research on what and how other agencies are working and which direction they are headed. Mr. Kramer stated that the 12-County Survey is a good source for research because it includes some the largest counties in the Bay Area and most operate under a PPO and/or indemnity type plans and most of which are self insured. However, he is not aware of any of the counties that administer or pay their own claims. • Add the topics of administration and transgender as a part of place holders under topics to be discussed. • CalPERS is used as a benchmark for the City Plan. • Commissioner Zvanski requested to see ratings for out of area members changed to 85%/15% (Page 10). • Amy Norland of Beech Street assured the Committee that in regards to Disease Management Programs (Page 12), Beech Street handles some chronic disease management and case management on a case by case method. • Yvonne Hudson reminded the Committee that in regards to consumer driven/or defined contribution plans (Page 11), the Charter affects the way subsidies are paid for health benefits. Public Comments: None
•	010282003-03	Discussion Item	Plan Design Ideas from Interested Parties Therese Madden, Human Resources Manager for the San Francisco Public Utilities Commission, spoke on behalf of PUC General Manager,

Patricia Martel, who left to attend the Mayor's speech; expressed concern and assistance regarding the following issues:

- PUC has 180 active employees who live and work in the Sierra Foothills and as a result of the HMO pull out several years ago, left them with only City Plan for health care coverage. As a result, to compensate for the increased expense, PUC has been paying $180,000 annually to employees that have Employee Plus 1 or Employee Plus 2 coverage.

- These employees do not receive the same benefits and choices that other City employees have.

- Ms. Madden stated that the PUC staff has been working closely with the HSS staff (Yvonne Hudson and Jeffrey Hildebrant) in a research that offers two possibilities for coverage: PPO through Health Net and a possible option through Blue Shield. Pat Martel and staff appreciate the research and would support any action that would provide the PUC staff with options that would make their health care options similar to what is available to other City employees.

Board Comments

- Commissioner Breslin brought up the question of coverage for Kaiser members where Sr. Advantage is no longer offered and recommended guaranteed coverage for the year of the HMOs contract (so they would not pull out of area).If the HMO pulls out of the area, then a reimbursement should be paid to the City or a surcharge for extra cost of administrative fees taken out of Plan 1.

- Jane Fronk of Kaiser assured the Committee that members in the Western Ventura will continue to have service and will continue to be members of Kaiser until the end of the contract year; however, they just will not have the Senior Advantage Plan.

- Joanne Haggerty of Health Net stated that the City and County employees continue to have service until the end of the contract year (July 2004) which is per the contract renewal agreement.

- Linda Patron of Blue Shield stated that the City and County employees are covered until the end of the service renewal contract and the City

			is notified if Blue Shield leaves the zip code area and the population that will be effected by it. However, Blue Shield will try to keep the network together through a direct contract situation. Public Comments: None
•	010282003-04	Discussion Item	Opportunity To Place Items On Future Agendas. • City Health Plan Renewal-Initial Rating • Plan Design Ideas from Interested Parties • VSP Benefit • HMO Renewal Presentations • Justification for/or not increasing rates • Staff Reports(10-County Survey) Public Comments: None
•	010282003-05	Discussion Item	Opportunity For The Public To Comment On Any Matters Within The Committee's Jurisdiction. Public Comments: None

Adjourn 11:43 AM

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HEALTH SERVICE BOARD
RATES AND BENEFITS COMMITTEE

NOTICE AND AGENDA

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Tuesday, November 4, 2003
10:00 AM
City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

10-31-03P03:35 RCVD

❑ **Call to Order**		
❑ **Roll Call**		Commissioner Zvanski, Chair Commissioner Breslin Commissioner Deignan Commissioner Heldfond Commissioner Van Runkle President Welch, MD, MPH *(ex officio)*
❑ 11042003-01	Action Item	**Approval (with possible modifications) of the minutes of the following meeting:** • Rates and Benefits Meeting of October 28, 2003 Staff Recommendation: Approve draft minutes Documents provided to Committee prior to meeting: *Draft Minutes of Rates and Benefits Meeting* Public Comments: Action:
❑ 11042003-02		**Continuing Discussion Regarding City Health Plan Rates and Benefits (Towers Perrin)** *Documents provided to Committee prior to meeting*: Public Comments:
❑ 11042003-03	Discussion Item	**Vendor Renewal Presentations (Towers Perrin)** *Documents provided to Committee prior to meeting:* None Public Comments:
❑ 11042003-04	Discussion Item	**Discussion regarding administration of Transgender benefits (Towers Perrin)** *Documents provided to Committee prior to meeting:* Public Comments:
❑ 11042003-05	Discussion Item	**Update on Status of 10-County Survey** *Documents provided to Committee prior to meeting:* None Public Comments:

❑ 11042003-06	Discussion Item	**Opportunity To Place Items On Future Agendas.** Public Comments:
❑ 11042003-07	Discussion Item	**Opportunity For The Public To Comment On Any Matters Within The Committee's Jurisdiction.** Public Comments:

Adjourn

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Department of Human Resources

November 4, 2003

Health Service Board
Rates and Benefits Committee

Minutes

Tuesday, November 4, 2003
10:00 AM

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

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•	Call to Order		
•	Roll Call	Commissioner Zvanski, Chair Commissioner Breslin Commissioner Deignan Commissioner Heldfond, Arrived at 10:15 AM Commissioner Van Runkle President Welch, MD, MPH *(ex officio), Excused*	
•	11042003-01	Action Item	Approval (with possible modifications) of the minutes of the following meeting: · Rates and Benefits Meeting of October 28, 2003 Staff Recommendation: Approve draft minutes Public Comments:
			Action: Motion was moved and seconded by the Board to approve draft minutes of October 28, 2003. Motion passed 4 to 0.
•	11042003-02		Continuing Discussion Regarding City Health Plan Rates and Benefits (Towers Perrin) • No new business to present and recommend that this item remain on the agenda. Mr. Kramer stated that he is currently working on the following matters: - HMOs and vendors with their renewal presentations

			- Transgender benefits - Benefit changes in regards to pricing in Plan 1 (requested at the last meeting). • Commissioner Zvanski stated that she heard announced that there is a 4 1/2 % cut in Medicare physician reimbursements. • Yvonne Hudson presented to the Committee the Membership Enrollment Statistics Report/Health. This report is attached as Schedule #1. This is a membership status report of members in all of the HMOs and City Health Plan 1. The membership total (61,346) represents only the active and retired members without dependents. Public Comments: None
•	11042003-03	Discussion Item	Vendor Renewal Presentations (Towers Perrin) • Mr. Kramer stated that Amy Norland of Beech Street called in sick and will make her presentation at the next meeting on November 17, 2003. • All of the HMOs, Express Scripts, and Delta Dental will make their presentations on November 17th. All renewals presented today have not been reviewed in detail by Towers Perrin and are open for discussions and continued negotiations. Representatives will meet with the actuary after today's meeting. Sharon Fusco, United Behavior Health (UBH) • UBH is in the second year of a 2 year rate guarantee ($3.41) that was agreed to last year. The renewal contract, if accepted, will be effective until July 2006. Janet Finley, Vision Service Plan (VSP) • The Committee received a Power Point outline that includes VSP history and relationship with the City and County of San Francisco. This report is attached as Schedule #2. The outline covered the following subjects: - Introduction to VSP/Operational Stability - VSP Contacts - History of HSS

			- Key Points - Executive Summary - Plan Alternatives - VSP's Promise • The Value Plan (listed under Plan Alternatives) is currently costing about the same price as what the City was paying in 1995 and is considered a financially healthy program for VSP. Therefore, VSP is willing to offer reductions in current cost or an improved benefit at no cost. • The reimbursement rate is lower for members that visit a non- VSP provider (i.e. $40 for eye exam) and VSP offers a scheduled allowance with a standard turn around time of 5-days but reimbursement is occurring in about 48 hours. Members are given a choice and can go outside the network. • VSP has the largest number of providers on a national basis (4,000 in California). • VSP will be reducing the rates for the Video Display Terminal (VDT) benefits significantly (40% decrease). VDT is a second pair of eyeglasses or bifocals worn by a person when working on a computer. Public Comments: None
•	11042003-04	Discussion Item	Discussion regarding administration of Transgender benefits (Mike Kramer) • Mike Kramer presented to the Committee a document entitled: *Should Administration be Transferred to the HMOs?* This report is attached as Schedule #3. Details regarding this issue are outlined and separated into the following 2 parts: (1) Benefit design and what would happen if the HMOs take over the benefit and if the Trust retains the benefit. (2) Financing and what would happen if the HMOs take over the risk and if the Trust retains the risk. • Jane Fronk of Kaiser stated that the reason why the DMHC requires the HMOs to carry travel and lodging because whenever a major surgical event is provided for a heath plan member (i.e.

			organ transplant) and it was required to be given in a center of excellence located somewhere outside of the network, it is required that Kaiser provide travel and lodging. DMHC requires this service to be treated the same as any other surgery and without differences and discrimination. • Joanne Haggerty of Health Net stated that the $75,000 transgender benefit limit has been approved by DMHC for July 1, 2004 and will have to be renewed every year for that limit by all of the HMOs for authorization. DMHC has the option to increase the benefit limit each year upon renewal. Board Comments • Commissioner Breslin stated that she would be against increasing the $75,000 transgender benefit limit and against anything to remove the 1- year waiting period. The transgender benefit should remain in Plan 1. • Commissioner Deignan stated that he is satisfied that everything is being handled in a responsible way with the trust fund/ experience and will be open for further discussion. • Commissioner Zvanski stated that she will wait for more information regarding the transgender benefits. Public Comments: None
•	11042003-05	Discussion Item	Update on Status of 10-County Survey • Deferred to next meeting. Public Comments: None
•	11042003-06	Discussion Item	Opportunity To Place Items On Future Agendas. • Forward all agenda items to the next meeting. Public Comments: None
•	11042003-07	Discussion Item	Opportunity For The Public To Comment On Any Matters Within The Committee's Jurisdiction. Public Comments: None

Adjourn: 10:54 AM

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HEALTH SERVICE BOARD
RATES AND BENEFITS COMMITTEE

NOTICE AND AGENDA

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Monday, November 17, 2003
10:00 AM
City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

11-12-03P03:46 RCVD

- **Call to Order**

- **Roll Call**

Commissioner Zvanski, Chair
Commissioner Breslin
Commissioner Deignan
Commissioner Heldfond
Commissioner Van Runkle
President Welch, MD, MPH *(ex officio)*

11172003-01	**Action Item**	**Approval (with possible modifications) of the minutes of the following meeting:** • Rates and Benefits Meeting of November 4, 2003 Staff Recommendation: Approve draft minutes Documents provided to Committee prior to meeting: *Draft Minutes of Rates and Benefits Meeting* Public Comments: Action:
11172003-02		**Continuing Discussion Regarding City Health Plan Rates and Benefits (Towers Perrin)** *Documents provided to Committee prior to meeting*: None Public Comments:
11172003-03	**Discussion Item**	**Vendor Renewal Presentations (Towers Perrin)** *Documents provided to Committee prior to meeting:* None Public Comments:
11172003-04	**Discussion Item**	**Update on Status of 10-County Survey** *Documents provided to Committee prior to meeting:* None Public Comments:
11172003-05	**Discussion Item**	**Opportunity To Place Items On Future Agendas.** Public Comments:
11172003-06	**Discussion Item**	**Opportunity For The Public To Comment On Any Matters Within The Committee's Jurisdiction.** Public Comments:

Adjourn

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Department of Human Resources

November 17, 2003

Health Service Board
Rates and Benefits Committee

Minutes

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10:00 AM
City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Call to Order		
Roll Call	Commissioner Zvanski, Chair Commissioner Breslin Commissioner Deignan Commissioner Heldfond Commissioner Van Runkle President Welch, MD, MPH *(ex officio)*, *Excused*	
11172003-01	Action Item	Approval (with possible modifications) of the minutes of the following meeting: • Rates and Benefits Meeting of November 4, 2003 Staff Recommendation: Approve draft minutes Public Comments: None Action: Moved and seconded by the Board to approve draft minutes with amendment. Motion passed 5 to 0.
11172003-02		Continuing Discussion Regarding City Health Plan Rates and Benefits (Towers Perrin) • Mike Kramer presented to the Committee the July 1, 2004 Renewals Update for the City and County of San Francisco. This document is attached as **Schedule #1**. The main purpose of this report is to summarize material that will be presented to the Committee and to capture the history of this year's Rates and Benefits process that includes information that is catalogued and can be used for referral. The contents of this renewal report are as follows: What's Changed Since the Last Version (10/28/2003)? HMO Rate Renewals HMO Plan Changes Transgender Benefit Administration

Plan 1 Rate and Fee Renewals
Plan 1 Benefit Design Changes
Vision Rate Renewal
Dental Rate and Fee Renewals
Appendix
- Plan 1 Topics for Discussion

- Lael Byrne, of Express Scripts was unable to attend and will make her presentation at the next Rates & Benefit's Committee meeting.

HMO Presentations
Blue Shield of California, Linda Patron

- The commissioners received the HMO Renewal Presentation to the CCSF Health Service System for July 2004-2005. This report is attached as **Schedule #2**. Contents of this document is as follows:

  Blue Shield has received the National Committee for Quality Assurance's (NCQA) award
  Emerging Trends in Health Care
  Innovative Programs
  Care & Disease Management
  Collateral Material/Table of Contents
  HSS Renewal Effective July 1, 2004

Joanne Haggerty, of Health Net and Mr. Steve Van Wart, Vice President of Mid Market Sales, California

- The Committee received the following documents: Health Net memo to the Health Service System Board, dated November 17, 2003, regarding CCSF, attached as **Schedule #3**
- CCSF Top 25 Drugs, attached as **Schedule #4**
- Renewal report entitled: "Health Net, Enabling People to take control of their destiny - A Better Decision," attached as **Schedule #5**. Topics covered in this report are:

  CCSF Renewal Rates Effective July 1, 2004
  Alternative Benefit Options, Effective July 1, 2004
  EPO offering effective July 1, 2004
  Gender Identity Disorder (GID)
  Large Claims
  Benefit Changes Effective July 1, 2004
  - Healthline will no longer be available July 1, 2004
  RX <current Rx is MAC B>/MAC A vs. MAC B
  Disease Management Programs
  Internet Capabilities for Member Education
  Preventive Health Programs

Health Net's Rosetta Stone

Health Net's Rosetta Stone, Mr. Steve Van Wart

- Mr. Van Wart stated that the Rosetta Stone represents a series of communication efforts by Health Net to try to unlock the mysteries of health care. Primary goal of the Rosetta Stone is to make reading of contract coverage more understandable and accessible to all members. Health Net has hired an experienced Chief Marketing Officer (Federal Express, American Express) to accomplish this goal.
- The Rosetta Stone is divided into the following sections Health Net's Renewal Report and covered by Mr. Van Wart:
  - Decision Power
  - EBM Solutions
  - Hospital Comparison
  - MG Comparison Report
- The Committee expressed interest in the Rosetta Stone program and look forward to updated information regarding results of data and status report by the next renewal year.

Jane Fronk, Kaiser Permanente

- The Committee received the CCSF Health Service System 2004-05 Renewal. This report is attached as **Schedule #6**. Topics covered in this report are as follows:

Health Care Costs Continue to Explode in America
-New Technology & Drugs
-Aging and Needy Population Growth
-Increase of Chronic Disease
-Shortage of Health Care Workers
-Health Care Costs for Medicare Population
-Costs of the Uninsured
Goals for 2004-2005
Gift from Kaiser (under $5)
HSS 2004-05 Rate Renewal
HSS 2004-05 Rate Breakdown
Recommended Plan Changes 2004-05

- Per the request of the commissioners, Jane Fronk agreed to give them a report that will show changes of co-pays over the last few years in Kaiser's total book of business and to have the information separated by agencies versus commercial businesses.

Medicare + Choice Comparison of Individual Plan to HSS M+C Plan - Effective 1/104

- Commissioner Breslin requested to see Emergency Room co-pay options for $50 and waiver if member is admitted.

Special Questions
- IVF/GIFT/ZIFT for Non-Medicare Retirees
- Orthotics

Standard Contract Changes -2004-05 (Highlights)

Board Comments

- Commissioner Scott Heldfond requested the following reports from the HMOs:
  - A rate breakdown sheet from Health Net and Blue Shield that would be similar to one given in Kaiser's presentation, which is by benefit component and administration.
  - A special rating consideration report by the HMOs of rates considered if there was one less HMO, if any.
  - A discussion of any multi rate plans that might be available.

Delta Dental/Rhett Davis

- Delta Dental presentation is attached as **Schedule #7** and topics covered in the report is as follows:

Delta Dental Renewal Recommendations for Current Programs

- Mr. Davis apologized for not removing the two Plan 1 options listed on Page 23 of the Towers Perrin Renewal Report (Schedule #1), under Delta Dental self insured plans for employees and explained that the information was given to Towers Perrin in a renewal letter from Delta Dental and was released prematurely. Mr. Davis proposed to continue to work with the City Attorney on this issue to (1) change the language of the contract to a weekly amount and work with HSS to get the payment within 10 days or (2) alternately, move to a different type of funding. Wiring transfer initiated by the City would allow Delta to get rid of the prefund amount entirely. The prefund amount is currently $250,000; however, Mr. Davis stated that he is not asking for any increase in the prefund amount at this point and he will work with Delta Dental's Underwriting Department and with the City Attorney on this matter.
- Chair Zvanski recommended that this item be looked into immediately and highly

recommend that all money transactions should be done by electronic transfer by all vendors, if possible, and not just by Delta Dental. Commissioner Heldfond agreed and recommended that Jamie Austin should look into the matter.

Renewal Recommendations

- Retirees (Group #1673)-DPO USA Program
- no change in rates (page 19 of Towers Perrin's Rpt.)
- Addition of Night Guard Benefit
  Additional information regarding this benefit is on pages 20-21 of the Towers Perrin's report.

Alternate Program Design for Actives (#9502)

- Conversion of Active Program (#9502) to DPO USA
- Suggested Alternate DPO USA Program

PMI/Delta Care Renewal Recommendations/Current Programs

- Actives and COBRA
- Retirees/Delta Care Dental HMO Program

Pacific Union Dental, ScottGiambruno

- The Committee received Pacific Union Dental renewal report for the CCSF Benefits Committee, attached as **Schedule #8.** Pacific Union insured plans for employees and retirees remain the same in rates pursuant to guarantee through June 30, 2005 (page 22, Schedule #1).
- Topics covered in this report are as follows:

Current Plan Offering

- Active Employees/Imperial Plan
- Retirees/Custom Plan

Current Rates

- Rates Effective from 07/1/03-06/30/05
  - Active Employees/Imperial Plan
  - Retirees/Custom Plan

Proposed Takeover of Delta PMI Membership

- Effective from 07/01/04-06/30/06
- Mr. Giambrno confirmed that the co-pay for

		the Night Guard benefit under the July effective date is $25 with an unlimited maximum Beech Street, Amy Norland • Presentation of renewal rates for fiscal year 2004 is listed on page 15 of Towers Perrin's renewal report (Schedule #1): - Administrative fee renewals per employee increased to 3.6% - Case Management rates decreased. • Disease Management and a breakdown of all fees will be presented at the next meeting. Public Comments: None
11172003-03	Discussion Item	Vendor Renewal Presentations (Mike Kramer) Summary • Mike Kramer stated that except for Kaiser, most of the information and numbers in Towers Perrin's Renewal Update report (Schedule #1) are the same as what the vendors and HMOs presented in their report. There will be a meeting with Kaiser and Towers Perrin to discuss this discrepancy. • Mike stated that he will follow-up the requests made by the committee to the HMOs and vendors, including the options offered to reconfigure the dental plans. • There will be an updated Plan 1 and figures from the 10-County Survey by the next meeting in December. Mr. Kramer referred to Page 17 of the Towers Perrin report under Plan 1 Changes to be priced and considered, the list of other Plan 1 issues for consideration. He reminded the commissioners that this is their list of concerns and if they wish to add to it. • Commissioner Breslin requested to see what the savings would be if the fertility and transgender benefits were eliminated from all the plans. • Commissioner Zvanski stated that after all of the efforts by the Board to put these benefits in the Plans, that the will of the Board to eliminate the transgender benefit is slim. The Health Service Board has never in its history, rescinded a benefit that they worked hard to promote. Commissioner Van Runkle agreed with Chair Zvanski and stated that the Heath Service Board represents all of the members, including active members. It would be detrimental to take away these two benefits from all of the plans.

		Public Comments: None
11172003-04	Discussion Item	**Update on Status of 10-County Survey** • Yvonne Hudson stated that due to Open Enrollment, four of the counties still have not responded and if necessary, the final count will be taken from their union contract, which lists contribution amounts by county. This information will be used to finalize the 10-County Survey report. Public Comments: None
11172003-05	Discussion Item	**OpportunityTo Place Items On Future Agendas.** • 10-County Survey • Vendor Presentations • Towers Perrin Report Public Comments: None
11172003-06	Discussion Item	**Opportunity For The Public To Comment On Any Matters Within The Committee's Jurisdiction.** Public Comments: None

Adjourn 3:54 PM

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In order to assist the City's effort to accommodate persons with severe allergies, environmental illnesses, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City accommodate these individuals.

KNOW YOUR RIGHTS UNDER THE SUNSHINE ORDINANCE

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Lobbyist Registration and Reporting Requirements

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HEALTH SERVICE BOARD
RATES AND BENEFITS COMMITTEE

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NOTICE AND AGENDA

Monday, December 15, 2003
10:00 AM
City Hall, Room 408
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

❑	**Call to Order**		
❑	**Roll Call**		Commissioner Zvanski, Chair Commissioner Breslin Commissioner Deignan Commissioner Heldfond Commissioner Van Runkle President Welch, MD, MPH *(ex officio)*
❑	**12152003-01**	**Action Item**	**Approval (with possible modifications) of the minutes of the following meeting:** • Rates and Benefits Meeting of November 17, 2003 Staff Recommendation: Approve draft minutes Documents provided to Committee prior to meeting: *Draft Minutes of Rates and Benefits Meeting.* Public Comments: Action:
❑	**12152003-02**	**Discussion Item**	**Continuing Discussion Regarding City Health Plan Rates and Benefits (Towers Perrin)** Documents provided to Committee prior to meeting: *July 2004 Renewal Update.* Public Comments:
❑	**12152003-03**	**Discussion Item**	**Vendor Renewal Presentations (Express Scripts, Beech Street, Delta Dental, and Pacific Union)** Documents provided to Committee prior to meeting: Delta Dental - *CCSF 2004 Dental Renewal Recommendations* Express Scripts - *Medicare COB & 2004-2005 Opportunities* Public Comments:
❑	**12152003-04**	**Discussion Item**	**Opportunity To Place Items On Future Agendas.** Public Comments:
❑	**12152003-05**	**Discussion Item**	**Opportunity For The Public To Comment On Any Matters Within The Committee's Jurisdiction.** Public Comments:

Adjourn

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Department of Human Resources

December 15, 2003

Health Service Board
Rates and Benefits Committee

Minutes

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10:00 AM

City Hall, Room 408
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

	Call to Order		
	Roll Call	Commissioner Zvanski, Chair Commissioner Breslin Commissioner Deignan Commissioner Heldfond Commissioner Van Runkle President Welch, MD, MPH *(ex officio)*	
	12152003-01	**Action Item**	**Approval (with possible modifications) of the minutes of the following meeting:** · Rates and Benefits Meeting of November 17, 2003 Staff Recommendation: Approve draft minutes Public Comments: None Action: It was moved and seconded by the Committee to approve the amended minutes. Motion passed 5 to 0.
	12152003-02	**Discussion Item**	**Continuing Discussion Regarding City Health Plan Rates and Benefits (Towers Perrin)** Michael Hilton, of Towers Perrin, presented the CCSF July 1, 2004 Renewals Update report, attached as **Schedule #1**. Subjects covered in this report are as follows: - What's Changed Since the Last Version (11/17/03)?

- HMO Rate Renewals

- HMO Benefit Design Changes

- Transgender Benefit Administration

- Plan 1 Rate and Fee Renewals

- Plan 1 Benefit Design Changes

- Plan Financial Summary of Claim Administration Outsourcing

- Vision Rate Renewal

- Dental Rate and Fee Renewals

Appendix

- Plan 1 Topics for Discussion

Highlights Update

The final update amount for the 10-County amount (page 4) is $312.90, which is an 11.3% increase from last year.

Health Net's employee contribution increase is less than $2 (page 5).

Dr. Welch requested that in all Board copies of the report, the HMO exhibits between the total line and the Gap dollars lines (contributed City funds) should be written in red.

Chair Zvanski requested an exhibit for Hetch Hetchy area including the 10-County amount and the 75% Kaiser pick-up amount etc. so that the out of pocket cost can be determined.

Joanne Haggerty of Health Net clarified that EPO stands for Exclusive Providers in a geographical area (page 13). Because of the high cost, an estimate of the number of people in the area and additional information concerning the extent of resources available in Health Net's EPO network in rural areas was requested by Dr. Welch.

Plan 1

Based on claims through November, the Medical rates decreased from 13.3% to 8.5% and the pharmacy rate increased from 6.2% to 6.8%. Trend rates are approximately 14% for medical and 16% for pharmacy.

☙ Commissioner Breslin stated that there is an unfair difference in reimbursements given between members who live in the 9 Bay Area counties and those that are outside the area. Chair Zvanski stated that Uniprise (United Health Care) has an expanded out of network area with preferred providers. Mike Kramer stated that this might lead to consideration to delete differences between members who live outside the area and those that live in the 9-Bay Area counties. Dr. Welch recommended putting this item on the next Rates and Benefits agenda and the Committee should look at the geographic coverage and parody for members in and out of the area. Deputy City Attorney Molly Stump recommended that the staff should look at the Plan 1 document for definition of the out-of-area coinsurance for members.

☙ At the request of the Committee, Andrew Clare of Uniprise, stated that he would do an analysis based on the census provided of Plan 1, of the number of members that live in areas that have limited or no network coverage. This information will be presented at the next meeting.

☙ Since Uniprise will replace the services formerly provided by Beech Street and Express Scripts, Dr. Welch requested Mr. Clare to present at the next meeting on December 29, 2003 the following information:

- Types of options and cost savings in medical services and pharmacy benefit that Uniprise will offer as the Committee considers redesign changes to Plan 1.

- Disease management program capabilities that Uniprise will offer in regards to the advantages and disadvantages listed in the disease management proposal in the Towers Perrin report (page 38).

☙ A show of prices for the high/low plans (page 35) exhibit will be prepared by Uniprise for the next meeting.

☙ Commissioner Aleeta Van Runkle requested that Towers Perrin provide a pricing of the pharmacy co-pays for the HMOs of $5/$15/$35 (page 9) and Commissioner Breslin requested a HMO pricing for $5/$15/$20.

☙ Jane Fronk of Kaiser, per the request of Dr. Welch, will provide additional information regarding the utilization of the -$8.50 in the Kaiser Medicare+ Choice Dental coverage to members (page 12). Rhett Davis of Delta Dental stated that he will provide the Committee with the utilization enrollment numbers if he can get the sub and group numbers from Kaiser.

			☿ Ms. Fronk presented to the Committee a comparative list of the public sector group representing Kaiser versus all other commercial groups in regards to co-pays and office visit pay range. This document is attached as **Schedule #2**. ☿ Committee requested Towers Perrin to price out the transgender benefit based upon the changes listed in the requirements of DMHC listed on page 15 of the Towers Perrin's report. Mike Kramer agreed to give this report, but reminded the Committee that the risk would be to the Trust if the HMOs share or take over the benefit. Public Comments: Julian Low of the Mayor's Budget Office, stated that the following issues are included in a budget report that has been distributed to all the departments - The budget short fall for fiscal year 2004-05 ranges from $210 million to $330 million and the short fall locally is $160 million. - State issues ranges between $50 million to $120 million. - There will probably be changes in the retirement benefit that would cause an increase to another $50 million. This is in addition to the $160 million local deficit. A decision regarding this increase is currently being discussed at the Retirement Board meetings. ☿ Ray Mason, retiree, stated that the retirees are against any increases in the office co-pay and in the pharmacy deductible and requested the Committee to maintain the current costs. ☿ Mr. Duran, retiree, requested that because of the doctor's request, dental cleanings for retirees should be increased from 2 to 4 cleanings a year.
☐	12152003-03	**Discussion Item**	**Vendor Renewal Presentations (Express Scripts, Beech Street, Delta Dental, and Pacific Union)** **Procedural Request**: ☿ Commissioner Heldfond stated that because of the Health Service Board's decision regarding administration of the medical and pharmacy benefit to put on hold presentations from Express Scripts and Beech Street, pending outcome with Uniprise. Commissioner Van Runkle agreed that arrangements and notice should be sent to the two vendors in regards to making future presentations, so that their time and resources will not be inconvenienced. Chair Zvanski stated that the Board's decision to hire an administrator does not reflect or have anything to do with the services rendered by the vendors and that pending outcome of discussions with Uniprise, requested that the vendors

remain on stand-by.

Dental Presentations

Delta Dental, Rhett Davis

☿ The Committee received the *CCSF 2004 Dental Renewal Recommendations (Follow-up Items & Takeover Proposal for Dental HMO)* report. This report is attached as **Schedule #3**. Follow-up items included in the report are:

Prefunding for Self-Funded Active Program

Addition of Nightguard Benefit

Addition of Nightguard Benefit (As part of TMJ Rider)

Addition of Nightguard Benefit (As Part of Periodontal Rider)

☿ Committee agreed to delete this benefit because it is expensive and illusionary.

Conversion of Active Program (#9502) to Dental PPO

☿ Committee agreed that this benefit is more an enhancement of the current benefit that will be offered as an option. The enhancements would save $1.5 million in claims, which is a savings in the Trust.

Additional Items

Institution of Performance Guarantees

Cost Savings Guarantee (With implementation of Dental PPO)

Cost Savings Unique to Delta

Takeover Proposal (Included in Schedule #3)

Mike Ajack, Sales Director for Delta Dental

☿ Mr. Ajack presented a proposal of consolidation of the two DHMO carriers and discussed the DeltaCare from PMI and Provider Network.

Reasons for Takeover (Included in Schedule #3)

Robert A. Ennis, Account Executive

☿ Presented to the Committee an outline that includes

rates DeltaCare will offer the City if it becomes the sole DHMO carrier.

ϒ Offer to extend the current renewal rates an additional 1 year.

ϒ DeltaCare is willing to work with Towers Perrin to create a plan that would be "taylor made" for the retirees if they are not pleased with the plan presented.

ϒ DeltaCare will add an extra 2% to the current performance guarantees for an effective implementation of the added enrollee's.

ϒ DeltaCare difference checklist that will save the City $14 million.

Committee Comments

ϒ Chair Zvanski stated that even though DeltaCare offer is very attractive & interesting; however, it is not an option that can be considered because of the current two-year contract with Delta Dental. Invitation was extended for them to come back at the end of the contract period with their proposal.

Pacific Union Dental, Scot Giambruno, Director of Sales

ϒ The Committee requested that Pacific Union Dental's take-over plan should wait until the end of Delta Dental's contract. Mr. Giambruno stated that the Premiere Plan is an annual renewal contract and PMI is a 2-year guarantee, which is same as Pacific Union, but are on a different cycle from the DHMOs, Therefore, if a single year is placed on one of plans, renewal dates for rate guarantees will be the same, otherwise, (currently) they will always be different. Mike Kramer recommended that the Board should listen and consider the options and recourse to counsel, can advise on the contracts, and the consequences on breaking them. This would be in lieu of not listening to the proposal because of a technicality and until it is determined that the contract is not breakable. Chair Zvanski stated that the legal counsel for the Commitee has left the meeting and decided that there is nothing to lose by just listening and requested Delta Dental to be on standby to report.

ϒ The Committee received Pacific Union Dental's proposal, which is attached as **Schedule #4**. Contents of this report are as follows:

Proposal Primise

ϒ No illusionary benefits

Full takeover option for Active plan and waiting on

			additional data for the Retiree plan. Benefits Overview Employee Access Estimated Savings ϒ Save the City approximately $3,200,000 in claim cost. ϒ No plan changes Rate and Terms Performance Standards ϒ If $2,500,000 (willing to increase amount) in claim cost savings is not achieved, Pacific Union Dental will refund $150,000. ϒ Additional guarantees are listed **Board Comments** ϒ Chair Zvanski requested Pacific Union Dental and Delta Dental to provide the Committee with standard of minimum requirements for contracting with the dental office at the next meeting. Public Comments: None
❑	**12152003-04**	**Discussion Item**	**Opportunity To Place Items On Future Agendas.** ϒ Carry forward present agenda ϒ Specific redefined network issues from Uniprise ϒ Towers Perrin Summary ϒ Pricing Scenarios for the HMOs ϒ Issues relating to Plan 1-Trust Fund ϒ HMO /Dental Public Comments: Per request of Chair Zvanski, Lael Byrne of Express Scripts gave a brief overview of the difference between Medicare for retirees and actives with Medicare. ϒ Mike Kramer reminded Chair Zavanski that Uniprise would more likely be able to meet these requirements and that there would be a problem in considering a contract change at this time because of the open

			enrollment deadline.
❑	12152003-05	Discussion Item	**Opportunity For The Public To Comment On Any Matters Within The Committee's Jurisdiction.** Public Comments: None

Adjourn 1: 07 PM

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HEALTH SERVICE BOARD
RATES AND BENEFITS COMMITTEE

NOTICE AND AGENDA

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Monday, December 29, 2003
10:00 AM
City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

12-24-03 09:45 RCVD

❑	**Call to Order**		
❑	**Roll Call**		Commissioner Zvanski, Chair Commissioner Breslin Commissioner Deignan Commissioner Heldfond Commissioner Van Runkle President Welch, MD, MPH *(ex officio)*
❑	**12292003-01**	**Action Item**	**Approval (with possible modifications) of the minutes of the following meeting:** • Rates and Benefits Meeting of December 15, 2003 Staff Recommendation: Approve draft minutes Documents provided to Committee prior to meeting: *Draft Minutes of Rates and Benefits Meeting.* Public Comments: Action:
❑	**12292003-02**	**Discussion Item**	**HMO update (Towers Perrin).** • **Rating scenarios** • **Additional pharmacy update** • **Trust fund subsidy** Documents provided to Committee prior to meeting: *July 2004 Renewal Update.* Public Comments:
❑	**12292003-03**	**Discussion Item**	**HMO consolidation bids (HMO vendors).** Documents provided to Committee prior to meeting: None Public Comments:
❑	**12292003-04**	**Discussion Item**	**Discussion regarding City Health Plan rates and benefits (Towers Perrin).** • **Transgender update** • **Trust fund subsidy** Documents provided to Committee prior to meeting: *July 2004 Renewal Update.* Public Comments:

❑	12292003-05	Discussion Item	**Vendor renewal presentations (Express Scripts).** Documents provided to Committee prior to meeting: *Express Scripts - 2004 Proposal.* Public Comments:
❑	12292003-06	Discussion Item	**United Health Care presentation:** • **Out of area network** • **Pharmacy benefit** • **Disease management programs** Documents provided to Committee prior to meeting: None Public Comments:
❑	12292003-07	Discussion Item	**Opportunity To Place Items On Future Agendas.** Public Comments:
❑	12292003-08	Discussion Item	**Opportunity For The Public To Comment On Any Matters Within The Committee's Jurisdiction.** Public Comments:

Adjourn

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Department of Human Resources

December 29, 2003

Health Service Board
Rates and Benefits Committee

Minutes

Monday, December 29, 2003
10:00 AM

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

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Call to Order

Roll Call

Commissioner Zvanski, Chair
Commissioner Breslin

Commissioner Deignan

Commissioner Heldfond, *Excused*

Commissioner Van Runkle

President Welch, MD, MPH *(ex officio)*

12292003-01 Action Item

Approval (with possible modifications) of the minutes of the following meeting:

- Rates and Benefits Meeting of December 15, 2003

Staff Recommendation: Approve draft minutes

Public Comments: None

Action: Motion was moved and seconded by the Board to approve the minutes. Motion passed 4 to 0.

12292003-02 Discussion Item

HMO update (Michael Hilton).

- The Committee received the *July 2004 Renewal Update*, attached as Schedule #1. Contents and highlights of this report is as follows:

What's Changed Since the Last Version (12/15/03)?

Based on experience, the transgender rate for active employees was reduced from $1.70 to $.85

for fiscal year 2004-05 (page 18).

HMO Rate Renewals

Towers Perrin learned last Wednesday that Health Net reduced their (increased) rate of 17.97% to 14.84% across the board (page 3)

Per the request of the Committee, format changes include the 10-County Amount sub lines are printed in red (pages 4-6). Dr. Welch requested that the lines that reflect the Gap dollars be printed green.

- Commissioner Zvanski requested that Kaiser's 75% Pickup line should be printed in color (page 5).

HMO Benefit Design Changes

Committee requested that page 7 be deleted from the report since the Committee voted against office visit copayment.

- Two additional scenarios requested by the Committee are included in the pharmacy co-payments on page 8.

- In regards to co-payments on generic and brand names (page 8):

- Joanne Haggerty of Health Net stated that generic prescriptions are dispensed as written.

- Jane Fronk of Kaiser stated that if a physician believes that the best drug for a patient is a non-formulary brand then the physician has the right to write the prescription and the pharmacy will honor it and the membership will pay the brand copay ($10).

- Linda Patron of Blue Shield stated that like Health Net, the prescriptions are dispensed as written. If it is a non-formulary brand then the member will be charged the co-payment ($20) for that brand.

- The Committee agreed that scenarios for Blue Shield and Health Net for $10/$25/$35 should be removed (page 9).

- The Committee requested the removal of the hospital co-payment (page 10).

Motion by the Committee

Motion was made by Commissioner Breslin to

change the Kaiser Medicare Cost Plan Emergency Room co-payment from $10 to $20.

Public Comment: None

Action: Motion was moved and seconded by the Committee to change the Kaiser Medicare Cost Plan Emergency Room co-payment from $10 to $20. Motion passed 4 to 0.

Dr. Welch requested that Kaiser research utilization of the dental coverage under the Kaiser Medicare + Choice plan in case the Committee decides to eliminate the benefit (page 13). Commissioner Zvanski stated that the City would save $1.5 million if this Plan was eliminated. Commissioner Van Runkle agreed that this benefit should be eliminated. A final decision regarding this Plan is deferred pending more information regarding utilization from Jane Fronk and Rhett Davis.

- Dr. Welch requested an exhibit with the expected dollars in regards to the rural Health Net EPO estimated member contributions, which is so expensive that it seems to be illusionary (pages 14 -15). Yvonne Hudson stated that PUC has not seen the proposal of Health Net EPO for the Hetch Hetchy area (page 14) and will invite PUC to the next meeting in January for follow-up presentation to the Board.

- The Board received a list of primary care physicians and specialists in Tuolumne County; this is attached as Schedule #2.

Transgender Benefit Administration (pages 17-18)

Motion by the Committee

- Motion was moved by the Committee to keep the Transgender Benefit in Plan 1 for one more year.

Public comments: None

Action: Moved and seconded by the Committee to keep the Transgender Benefit in Plan 1 for one more year. Motion passed 4 to 0.

Plan 1 Rate and Fee Renewals

Plan 1 Benefit Design Changes

- Proposal to apply a trust fund subsidy to all Plan 1rates (page 26).

- Jamie Austin stated that the auditors do not recognize the estimated additional reserve to meet target amount of $-13.9 millions (2nd line on Page 26). The IBNR is $15 million and the total assets as of 06/30/03 are $38.2 million. Mr. Austin confirmed that the IBNR is included in the $38.2 million. Commissioner Deignan stated that there is a need of a breakdown of the total assets.

- Dr. Welch stated that the $-13.9 million dollars used by Towers Perrin as insurance money (buffer) is too conservative and a lot of money that is not recognizable and that was not needed last year or the year before. This is money that could be used during the crisis (budget) that is facing the Committee. Mr. Hilton said that this money is set aside in case of a disaster and the level was set by the Board.

- Commissioner Breslin stated that she would agree with the Actuary in setting aside money for a disaster and if there is a surplus, freeze the rates rather than a large subsidy.

- Dr. Welch requested a breakdown of 50% of the target reserve. Mr. Hilton stated that spend down of 3 and 5 years is listed on page 26.

Plan 1 Financial Summary of Claim Administration Outsourcing

Vision Rate Renewal

Dental Rate and Fee Renewals

Appendix

Plan 1 Topics for Discussion

Public Comments: Julian Low of the Mayor's Office stated that he is working with the Controllers Office to get an idea of what the impact of the general fund will be and with the help of Towers Perrin will be able to give the Board an update at the next HSB meeting.

- Franz Hookerman, Kaiser Senior Advantaged member, expressed concern of the following

matters: that the dental benefit is not effective and would not be a loss if the Board eliminates it, senior citizens that are over 65 years and older should not have to pay for the transgender benefit, HMO participants should get subsidy and Plan 1, and why Medicare dependants costs are more than those without Medicare.

- Michael Hilton stated that the HMOs set the rates that determine the amount of cost of dependants with Medicare and those without Medicare, and the City Charter states how these rates are applied.

- Margaret Kane, Kaiser member, asked the Committee to retain the PMI dental coverage.

12292003-03 Discussion Item

HMO consolidation bids (HMO vendors).

Linda Patron of Blue Shield

- Presented to the Committee a Proposal to Replace Health Net, effective 07/01/04. This document is attached as Schedule #3. This report is per the request of Commissioner Heldfond.

- Dr. Welch requested more data is needed to support this proposal.

- Commissioner Zvanski recommended a provider match be presented at the next Committee meeting.

Joanne Haggerty of Health Net

- Per the request of Commissioner Heldfond, presented a *Revised Renewal, Effective July 1, 2004 and a Consolidated Bid Take-over of Blue Shield*. This document is attached as Schedule #4 and the contents are as follows

Revised Renewal

- Revised renewal changed from 17.97% down to 14.84%

Revised Renewal Justification

Consolidation Bid/Multi-year Commitment

- 9% HMO increase for consolidation of Blue Shield effective July 1, 2004

- 2.75% Medicare COB increase-effective 07/01/04

- 9% rate cap on HMO only-effective 07/01/05

- Benefit parity for carriers.

- In response to Commissioner Deignan's request, there are over 200 huge claims and 40 of them are over $50,000. Ms. Haggerty agreed to provide the Board with data based upon conditions.

Jane Fronk of Kaiser

- Presented the *Health Service System 2004-05 Renewal and a HMO Consolidation Rate Quote. This report is attached as* Schedule # 5. Outline of this report is as follows:

Multi-Year Rate Guarantee

- Kaiser Permanente is unable to offer multi-year rate guarantees.

HMO Consolidation Rate Quote

Analysis

Findings

Outcome

- Kaiser Permanente's current membership size is large enough to absorb a small increase in membership with no change in rates.

- If Kaiser's active membership increases by 10% or more, the rate is positively impacted.

- If Kaiser's Retiree membership decreases by 10% or more, Kaiser's rate is negatively impacted.

- Kaiser Permanente reserves the right to revisit the 2004-05 rates if membership changes (by process of eliminating one or both carriers) by more than 10%.

Public Comments: None

12292003-04	Discussion Item	Discussion regarding City Health Plan rates and benefits, Michael Hilton

Michael Hilton stated for the record, he is not advocating a change in the City Charter.

Plan 1 Rate and Fee Renewals

The Transgender amount change (page 21)

Pages 22 -23 deleted and removed from the report.

Uniprise, Andrew Clare

- Presented the Network Analysis, attached as Schedule #6. Contents of this report are as follows:

Uniprise Access Standard

Network Availability

Total active employees: 2,203

- Total Retirees: 6,067
- Total covered lives: 8,270

Out of Area Communities

Active Employees

- Number without desired access: 4

Geographic Areas

- Fairfield, CA - 1 Employee
- Vacaville, CA - 3 Employees

Retirees

- Number without desired access: 150

Number in each State

Towers Perrin Report-July 2004 Renewal Update

Out of Area Coinsurance

- Dr. Welch requested a matrix of out-of-area-coinsurance for in-network and out of network care.
- Jeffrey Hildebrant reminded the Committee that the new definition of in and out-of area network does not include the 9 Bay Area Counties.

Plan 1 Trust Fund Subsidy

- Committee agreed that Towers Perrin should do scenarios of subsidy amounts (bottom of page 26) between $5 and $9 million and recommended removing $3 and $4 million subsidy amounts.

Plan 1-High and Low Plans

Vision Rate Renewal-VSP

- Committee recommended removing Option 4 (page 28) and inviting Janet Findley to the next Rates & Benefits meeting to discuss re-evaluation of Option 3.

Public Comments: None

12292003-05 Discussion Item

Vendor renewal presentations

Lael Byrnes of Express Scripts

- Presented to the Committee the *Rates Express Scripts - 2004 Proposal*, which is attached as Schedule #7. Contents of this report is as follows:

Express Scripts Client Pledge

Key Points of Comparison

Carved-Out PBM

Express Scripts Partnership/History with San Francisco

Proven Drug Trend Control

Disease State Management

Member Disruption

Howe We Manage Trend

Self-Service Strategies

Express Scripts Commitment to the CCSF

- Dr. Welch stated that the services from Express Scripts have been great and appreciated.

Public Comments: None

12292003-06 Discussion Item

United Health Care presentation:

Andrew Clare, Vice President of Sales, Uniprise

- Uniprise is the United Health Care Pharmacy and Medco is the back office operation of Uniprise. The Plan operates through the decisions made by United Health Care pharmacist, physicians and independent physicians etc.

- Mr. Clare assured the Committee that United Health Care's relationship with Medco is independent of how Medco operates and how business is conducted.

Trevor C. Morris, National Account Executive for Medco Health

- Presented the CCSF United Healthcare Pharmacy Management report, which is attached as Schedule #8. Overview includes the following:

United Healthcare Pharmacy Management Scope

Rx Management Philosophy

CCSF-Current Plan

Rx Plan Change for Consideration

Integrated Medical Pharmacy Programs/Focused on Priorities

Consumer Directed Campaigns

Effective Benefit Management Options Can achieve up to a 4% Spend Reduction

Mr. Clare stated that most of the programs and management option changes presented by Mr. Trevor are design changes based upon a pharmacy perspective and is per the request of Dr. Welch. These are optional program changes that the Committee may or may not want to consider.

Plan Integration

Features: myuhc.com/Pharmacy On-line

Medical Plan Benefits for Consideration

Board Comments

- Dr. Welch wanted to know the impact of eliminating the 120 day limits for dental surgery (page 12) and if the people have the option to choose the physical, occupational and speech therapy.

- Dr. Welch requested a pharmacy co-pay scenario of $5/15/$35 (page 5) $10/$30/$75 mail order from Uniprise and Towers Perrin.

Public Comments: None

12292003-07	Discussion Item	Opportunity To Place Items On Future Agendas.

- Agenda goes forward

- VSP

- Dental

Public Comments: None

12292003-08	Discussion Item	Opportunity For The Public To Comment On Any Matters Within The Committee's Jurisdiction.

Public Comments: None

Adjourn 2:09 pm

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HEALTH SERVICE BOARD
RATES AND BENEFITS COMMITTEE

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NOTICE AND AGENDA

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10:00 AM
City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

❑	**Call to Order**		
❑	**Roll Call**		Commissioner Zvanski, Chair Commissioner Breslin Commissioner Deignan Commissioner Heldfond Commissioner Van Runkle President Welch, MD, MPH *(ex officio)*
❑	**01122004-01**	**Action Item**	**Approval (with possible modifications) of the minutes of the following meeting:** • Rates and Benefits Meeting of December 29, 2003 Staff Recommendation: Approve draft minutes Documents provided to Committee prior to meeting: *Draft Minutes of Rates and Benefits Meeting.* Public Comments: Action:
❑	**01122004-02**	**Action Item**	**City Health Plan rates and benefits (Towers Perrin).** • Rating Scenarios Documents provided to Committee prior to meeting: *Rating Scenarios* Staff Recommendation: None Public Comments: Action:
❑	**01122004-03**	**Action Item**	**HMO rates and benefits (Towers Perrin).** • Rating Scenarios Documents provided to Committee prior to meeting: *Rating Scenarios* Staff Recommendation: None Public Comments: Action:
❑	**01122004-04**	**Action Item**	**Vision coverage options and cost (Vision Service Plan).** Documents provided to Committee prior to meeting: None Staff Recommendation: None Public Comments: Action:

❑	01122004-05	Action Item	**Dental Plan Consolidation (Delta Dental and Pacific Union Dental)** Documents provided to Committee prior to meeting: None Staff Recommendation: None Public Comments: Action:
❑	01122004-06	Discussion Item	**United Health Care presentation:** • **Pharmacy benefit** • **Disease management programs** Documents provided to Committee prior to meeting: None Public Comments:
❑	01122004-07	Discussion Item	**Opportunity To Place Items On Future Agendas.** Public Comments:
❑	01122004-08	Discussion Item	**Opportunity For The Public To Comment On Any Matters Within The Committee's Jurisdiction.** Public Comments:

Adjourn

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Department of Human Resources

January 12, 2004

Health Service Board

Rates and Benefits Committee

Minutes

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Monday, January 12, 2004

10:00 AM

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

q	Call to Order		
q	Roll Call	Commissioner Zvanski, Chair Commissioner Breslin Commissioner Deignan Commissioner Heldfond Commissioner Van Runkle President Welch, MD, MPH *(ex officio), Excused*	
q	01122004-01	Action Item	**Approval (with possible modifications) of the minutes of the following meeting:** · Rates and Benefits Meeting of December 29, 2003 Staff Recommendation: Approve draft minutes Public Comments: None

			Action: Moved and seconded by the Committee to approve the minutes of December 29, 2003. Motion passed 5 to 0.
q	01122004-02	Action Item	**City Health Plan rates and benefits (Mike Kramer).** § The Commissioners received the *July 1, 2004Renewals Update for January 12, 2004*. This document is attached as **Schedule #1**. Contents and highlights of this 47 page report and appendix is as follows: What's Changed Since the Last Version (12/29/03)? HMO Rate Renewals HMO Benefit Design Changes Plan 1 Rate and Fee Renewals § Information unchanged (page 18) regarding Preliminary Plan 1 Rating (based on claims through November) and the trust fund expense. Plan 1 Financial Summary of Claim Administration Outsourcing § Mr. Kramer stated that the *Status Quo Renewal-Plan 1 (Uniprise Outsourcing)* has been revised (page 19). The new version is attached as **Schedule #2**. Plan 1 Benefit Design Changes § Andrew Clare of Uniprise stated that there are 4 active employees and 150 retirees (majority are under Medicare and not impacted) that live outside the network area. **Out of Area Coinsurance Definition (Page 20)** **Committee Motion** § Commissioner Breslin moved to use the alternate definition for in-network, out-of-network and out-of area defined by Uniprise in lieu of the nine Bay Area counties, using the 85% and 50% benefit levels.

Public Comments: None

Action: The motion was moved and seconded by the Committee moved to use the alternate definition for in-network, out-of-network and out-of area as defined by Uniprise in lieu of the nine Bay Area counties, and use the 85% and 50% benefit levels. The motion passed 5-0.

Out-of Area Coinsurance Level (Page 21)

Committee Motion

§ A second motion was made by Commissioner Breslin to pay benefits at 85% for out of area members.

Public Comments: None

Action: The motion was moved and seconded by the Committee to pay benefits at 85% for out of area members. The motion carried 5-0.

Pharmacy Co-payments (Page 22)

Committee Motion

§ A motion was made by Commissioner Breslin to keep the current pharmacy co-payments in Plan 1.

Public Comments: None

Action: Motion was moved and seconded by the Committee to keep the current pharmacy co-payments in Plan 1. Motion passed 4 to 1.

Transgender Benefit Administration

§ No changes in the benefit design and the Committee agreed that the transgender benefit will remain in Plan 1.

Vision Rate Renewal

Dental Rate and Fee Renewal

Appendix

Plan A: Plan 1 Topics for Discussion

Part B: HMO Options Considered and Rejected

Part D: Vision Renewal Options Considered and Rejected

Part E: Administrative Fees

Part F: HMO Scenarios-Blue Shield

Part G: HMO Scenarios-Health Net

Part H: HMO Scenarios-Kaiser

Part I: Plan 1 Scenarios

§ Scenarios eliminated by the Committee-P1-17 thru P1-32 (3-tier design) and P1-2 thru P1-9

Staff Recommendation: None

Public Comments: Julian Low of the Mayor's Budget Office reported that based on the state's budget report from Governor Schwarzenegger, the impact to the City's budget is approximately $100 million. Next year's deficit will be a low of $260 million and a high of $310 million and any variable will be pending changes in the retirement system. The Mayor's Budget Office received a financial report from Towers Perrin on last Thursday, regarding the impact of the City's deficit upon the general fund and rates for the various benefit designs of Plan 1. The report will be sent to the Controller's Office for review and Mr. Low stated that he will have more information for the Committee by the next Rates and Benefits meeting. He encouraged the Committee to use the maximum dollars possible in regards to the trust fund subsidy for the City Plan and to use the gap dollars listed for Blue Shield, Kaiser, and Health Net to help the HMO dependents which would in turn help all workers that have dependents

			§ Commissioner Zvanski stated that the deficit report is very depressing and that it is a very difficult choice for the Committee when the employees' salaries are frozen and health care rates are escalating and even with subsidy, everybody will be paying more. Action: None
q	01122004-03	Action Item	**HMO rates and benefits (Mike Kramer).** **Offering a Rural Health Net EPO (Pages 13-14)** § Per the recommendation of Chair Zvanski and time convenience and presence of Pat Martel, PUC General Manager, this report in the Towers Perrin's Renewals Update (Schedule #1) was taken out of order. § Ms. Martel stated that even with the subsidies that are provided by PUC to their employees who live in Hetch Hetchy, the proposal offered in the Health Net EPO in certain rural areas, including Hetch Hetchy, is too costly and dos not offer relief to the PUC employees. They would be paying more than the local HMO employees. The people who work and live in the rural areas serve not only the 750,000 residents in San Francisco, but they also serve 1.6 million people who live outside the City and County of San Francisco, which represents the wholesale water customers. § Ms. Martel requested that the Committee should address the plight of these 150 employees because like everyone else, they pay into the City's contribution system, but they are at a disadvantage in getting affordable healthcare. This issue impacts the overall operation cost at Hetch Hetchy because the employees have to take off considerable amount of time in order to have access to healthcare. HMO Comments Joanne Haggerty of Health Net § Clarified that this is a benefit with a fee for service. Recommended having Health Net review this benefit with regards to adding a deductible to HMO benefit to help with the rate and data in regards the utilization of the 150 employees which would help determine the cost in the rating process in the future. HMO Rate Renewals (Page 4-7)

HMO Benefit Design Changes

Pharmacy Co-payments (page 8)

§ Commissioner Van Runkle requested to see a HMO pharmacy co-pay scenario for $5/$15/$25 and Kaiser scenario for $5/$15

Committee Motion

§ Commissioner Deignan moved to keep the current HMO pharmacy co-payment ($5/$10/$20) (Kaiser $5/$10) levels.

Public Comments: None

Action: It was moved and seconded by the Committee to keep the current HMO pharmacy co-payment levels. Motion passed 4 to 1.

Emergency Room Co-payment-Kaiser Medicare Cost Plan (page 11)

§ Commissioner Heldfond recommended increasing the ER co-payment level to $50.

Committee Motion

§ Commissioner Heldfond moved to increase the ER co-payment to $50 dollars.

Public Comments: Julian Low of the Mayor's Budget Office stated that Peg Stevenson of the Controller's Office is working on the financial table at Towers Perrin. Therefore, the Committee waits to see the impact of the City's budget deficit to the general fund before making any decisions that would affect the City. Mr. Low stated that the financial report will be available by the end of the week and he will present it at the next Committee meeting.

Motion withdrawn

§ Committee agreed to not make any decisions regarding the ER co-payment until they see the financial report from the Controller's Office.

Eliminate Kaiser Medicare + Choice Dental Coverage (page 12)

§ Jane Fronk of Kaiser presented the *HSS Utilization Information/KPSA PID#818* report from Delta Dental. This document is attached as **Schedule #3**. Kaiser has a total of 11,175 Senior Advantaged members with the City, of which 8,200 are subscribers and 2,975 are dependents. The utilization report shows the number of dental (very low) visits for 2003. Ms. Fronk stated that Kaiser is very concerned because they are the only HMO providing this benefit and this dental coverage is available to members outside their medical coverage with Kaiser.

Committee Motion

§ Commissioner Heldfond moved to eliminate dental coverage under Kaiser Medicare + Choice as of January 12, 2004.

Public Comments: Robert Ennis of Delta Dental of California stated that Delta Dental would be happy to work with Kaiser if Delta Dental is eliminated from Kaiser.

§ John Gaebel, CEO of Pacific Union Dental, stated that Pacific Union has provided various dental services and senior benefits for years and currently service members in Southern California with Blue Shield and other HMOs in southern California. Requested a chance to work with the consultants and offer an alternate benefit that would be comparable to the current dental provider but would be 50% less.

Action: Moved and seconded by the Committee to eliminate dental coverage under Kaiser Medicare + Choice as of January 12, 2004. Motion passed 5 to 0.

Quorum Change Announced

§ **Commissioner Heldfond had to leave the meeting.**

HMO Trust Fund Subsidy

§ Eliminate Blue Shield scenarios B13 through B-48 and Health Net H13-H48.

§ Commissioner Van Runkle requested to see a table for a subsidy amount of $3.5 million.

Health Net, Joanne Haggerty

§ Per the request of Dr. Welch for Health

			Net to develop a better plan with rates lowered to 11.39%, the Committee received Health Net's renewal for CCSF, effective July 1, 2004. This is attached as Schedule #4. Ms. Haggerty stated that the current ratio is 14.84% increase and represents a 93% loss ratio for Health Net. Per Commissioner Deignan's request for utilization of large claims the following data was given: - Health Net had 15 pages of high risk claims, 830 of them represented large claims. - The cost for 146 of these claims is over $50,000. Jane Fronk, Kaiser Permanente § Clarification of dental prescription coverage by Kaiser: - Prescription for fluorides is not covered - Kaiser provides coverage for pain killers and antibiotic prescriptions. § Ms. Fronk discussed Kaiser's plan options and benefit parity items and non parity item (i.e. does not sell self directed acupuncture writer). Linda Patron of Blue Shield § Clarification of dental prescription coverage by Blue Shield: - Prescription for fluorides is not covered - Pain killers and antibiotics prescriptions are covered. § Ms. Patron presented plan options and benefit parity items and non-parity items (i.e. provides acupuncture & chiropractic) for Blue Shield. Public Comments: Franz Hookerman, retiree, stated that retirees with Medicare and dependents are paying more and is against subsiding Plan 1 until changes are made to Medicare + Choice
q	01122004-04	Action Item	Vision coverage options and cost (Vision Service Plan). § Deferred until next meeting

				Public Comments: None Action: None
	q	01122004-05	Action Item	**Dental Plan Consolidation (Delta Dental and Pacific Union Dental)** **Delta Dental of California, Robert Ennis, Account Executive** § The Committee received the CCSF 2004 Dental Renewal Recommendations, which is attached as **Schedule #5**. Contents of this report is as follows: Revised Renewal Recommendation Actives (Group #9502)-Delta Premier USA Program Increasing Benefits for Actives by selecting Delta's DPO USA Program Alternate Programs 1, 2, and 3 Divided into 3 classifications: Benefits, In-Network and Out-of-Network Addition of Night Guard Benefit PMI Deltacare Renewal Recommendations Current Programs § Rates given for the actives are good for 3 years § Rates for the retirees are pending and will be offered at a lower rate since they are no longer having dental coverage under Kaiser. New rates will be presented at the next meeting. § Mr. Ennis invited Towers Perrin and the Commissioners to visit Delta Dental Offices. The tour will help them to know and understand operations of the facility. Commissioner Zvanski stated that per the Charter, the Commissioners will have to visit separately and not together as a group and perhaps it would be a good idea to include interested members of the public.

Pacific Union Dental

§ Scott Giambruno, Sales Director stated that the following representatives from Pacific Union will be making presentations to the Committee:

- John Gaebel, DDS-CEP
- Randy Brecher, CPA-CFO
- Jim Fuhrman, CMO

§ Mr. Jim Fuhrman presented to the *Committee the Dental Benefit and Administration Proposal for the CCSF*, attached as **Schedule #6**. Contents and highlights of this report is as follows:

Executive Summary

Proposal Premise

Dental Network Environment

Current Dental Network Environment

Proposed Dental Network Environment

Pacific Union Dental Advantage

Savings Defined

Performance Guarantees

Reports

Additional Data Requested

Next Steps

Recommend Actions to Validate Savings

Sample Key Client List

§ Mr. Fuhrman presented the second Pacific Union's report: *Direct Compensation Dental Benefit review for CCSF*, attached as **Schedule #7**. Contents of this report is as follows:

Direct Compensation

				Pacific Union Dental's Quality Management CCSF Current DC Membership Quorum Change § Chair Zvanski announced that another Commissioner has to leave; therefore, the Committee should consider an additional day for the meeting or extend the next meeting. Commissioner Deignan recommended starting the January 27th meeting early in the morning. Commission Secretary, Arnetta Brown, stated that the hearing room is available at 8 AM. Towers Perrin, Mike Kramer § Delta Dental-Insured Plan for Retirees (page 25) - will revise the night guard benefit. § PMI-Insured Plan for Employees (page 26-27) -Committee interested in Options 1 and 3 on both pages. § Mr. Kramer summarized dental changes based upon the decision of the Committee and updated report will be given at the next Rates and Benefits meeting. Public Comments: Dave Maier, retired Police, expressed concern of Delta Dental's increased costs and recommended the Committee to consider the competition in the dental benefits. Action: None
q	01122004-06	Discussion Item		United Health Care presentation · Deferred to next meeting. Public Comments: None
q	01122004-07	Discussion Item		OpportunityTo Place Items On Future Agendas. · Agenda moved forward as action items. Public Comments: None
q	01122004-08	Discussion Item		Opportunity For The Public To Comment On Any Matters Within The Committee's Jurisdiction. Public Comments: None

Adjourn 2:41 PM

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DISABILITY ACCESS

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KNOW YOUR RIGHTS UNDER THE SUNSHINE ORDINANCE

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Donna_Hall@ci.sf.ca.us

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HEALTH SERVICE BOARD
RATES AND BENEFITS COMMITTEE

NOTICE AND AGENDA

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Tuesday, January 27, 2004
8:30 AM
City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

❑	**Call to Order**		
❑	**Roll Call**		Commissioner Zvanski, Chair Commissioner Breslin Commissioner Deignan Commissioner Heldfond Commissioner Van Runkle President Welch, MD, MPH *(ex officio)*
❑	**01272004-01**	**Action Item**	**Approval (with possible modifications) of the minutes of the following meeting:** • Rates and Benefits Meeting of January 12, 2004 Staff Recommendation: Approve draft minutes Documents provided to Committee prior to meeting: *Draft Minutes of Rates and Benefits Meeting.* Public Comments: Action:
❑	**01272004-02**	**Action Item**	**Vision coverage options and cost (Vision Service Plan).** Documents provided to Committee prior to meeting: None Staff Recommendation: None Public Comments: Action:
❑	**01272004-03**	**Action Item**	**Dental Plan Consolidation (Delta Dental and Pacific Union Dental).** Documents provided to Committee prior to meeting: None Staff Recommendation: None Public Comments: Action:
❑	**01272004-04**	**Action Item**	**City Health Plan rates and benefits (Towers Perrin).** • Rating Scenarios Documents provided to Committee prior to meeting: *Rating Scenarios* Staff Recommendation: None Public Comments: Action:

❑	01272004-05	Action Item	**HMO rates and benefits (Towers Perrin).** • Rating Scenarios Documents provided to Committee prior to meeting: *Rating Scenarios* Staff Recommendation: None Public Comments: Action:
❑	01272004-06	Discussion Item	**Opportunity To Place Items On Future Agendas.** Public Comments:
❑	01272004-07	Discussion Item	**Opportunity For The Public To Comment On Any Matters Within The Committee's Jurisdiction.** Public Comments:

Adjourn

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HEALTH SERVICE BOARD
RATES AND BENEFITS COMMITTEE

NOTICE AND AGENDA

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Tuesday, October 26, 2004
10:00 AM
City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

10-22-04 A10:20 RCVD

- ❑ **Call to Order**

- ❑ **Roll Call**

Commissioner Zvanski, Chair
Commissioner Breslin
Commissioner Deignan
Commissioner Heldfond
Commissioner Van Runkle

❑ 10262004-01	**Discussion Item**	**Rates and Benefits Timetable** *Documents Provided to Committee prior to meeting:* *2005-2006 Rates and Benefits Meeting Calendar.* Public Comments:
❑ 10262004-02	**Discussion Item**	**Rates and Benefits Overview – Norms and Issues (Towers Perrin)** *Documents Provided to Committee prior to meeting:* None Public Comments:
❑ 10262004-03	**Discussion Item**	**Plan Design Ideas from Interested Parties** *Documents Provided to Committee prior to meeting:* None Public Comments:
❑ 10262004-04	**Discussion Item**	**Opportunity To Place Items On Future Agendas.** Public Comments:
❑ 10262004-05	**Discussion Item**	**Opportunity For The Public To Comment On Any Matters Within The Committee's Jurisdiction.** Public Comments:

Adjourn

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City & County of San Francisco
Health Service System

October 26, 2004

Health Service Board
Rates and Benefits Committee

Minutes

Tuesday, October 26, 2004

10:00 AM

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

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•	Call to Order		
•	Roll Call	Commissioner Zvanski, Chair Commissioner Breslin Commissioner Deignan Commissioner Heldfond, *Excused* Commissioner Van Runkle, *Excused*	
•	10262004-01	Discussion Item	Rates and Benefits Timetable • The Committee received the 2005-2006 Rates and Benefits schedule for meetings and the reserved hearing room schedule for additional Full Board and Committee meetings. This document is attached as Schedule #1. Additional meetings include all special and/or appeal meetings. They are scheduled on the 4th Tuesdays of every month and are from 10 AM to 2 PM, in Hearing Room 416. *Public Comments: None*
•	*10262004-02*	*Discussion Item*	*Rates and Benefits Overview - Norms and Issues (Towers Perrin)* • Michael Hilton, of Towers Perrin, presented the CCSF July 1, 2005 Renewals Update, which is attached as Schedule #2. The renewal covered the following subjects: • Approved Plan Design Changes for 2004-05

Plan Year

- HMO Rate Renewals

  - Blue Shield's rate increase for non-Medicare retirees might be 18.03% (same as Medicare) instead of the 18.66% increase estimated in Towers Perrin's renewal report (Page 4).

- HMO Benefit Design Changes

- Plan 1 Rate Renewals

- Plan 1 Benefit Design Changes

  - Jeffrey Hildebrant stated that the City's claim system is not able to give credit for a deductible that is separate from the City Health Plan (CHP) deductible; therefore, retirees were paying a $100 deductible to Medicare and a separate $250 deductible to CHP. Uniprise did not make any changes to the current plan design; therefore they had to make adjustments to their system to accommodate this issue. Mr. Hildebrant assured the Board that Uniprise would welcome a change in the coordination of this benefit. Roland Mittica, of Towers Perrin, stated that this situation can and should be fixed so that the retirees are not penalized. He promised Chair Zvanski and the Committee that he will follow-up this problem with Uniprise and will update them at the next meeting.

- Dental Rate Renewal

  - A Delta Dental presentation regarding clarification of their renewal proposal is expected in November.

- Guaranteed Rates and Fees for 2005-2006 Plan Year

Plan 1 Topics for Discussion (Michael Kramer of Towers Perrin).

  - Latest news from CalPERS (Page 22) the Committee received a CalPERS Rate Comparison sheet, which is attached as Schedule #3.

  - High/low PPO plans

			- Consumer driven health plans - Disease/care management Public Comments: None
•	10262004-03	Discussion Item	Plan Design Ideas from Interested Parties • United Health Care will make a report regarding Medicare, disease management, and other issues that are of concern to the Committee. Public Comments: • Diane Hermann recommended the following ideas for the Committee to consider: (1) coverage in the City Health Plan for a sonogram screening program that will detect strokes on members who are 60 years and over and are at a high risk for having a stroke. This benefit is a preventive measure and could save the Plan a lot of money. (2) Preventive care in schools in regards to getting junk food out of the schools. (3) Exploring cost effective methods of handling pain management. HMO's response to coverage for screening tests for strokes - Joanne Haggerty of Health Net stated that coverage is based upon the doctor's recommendation and if it is medically necessary. - Linda Patron of Blue Shield stated that coverage is based upon if the test is medically necessary and if the doctor recommends it, Blue Shield does not have anything to do with the decision. - Germaine White of Kaiser Permanente confirmed that coverage is based upon the doctor's recommendation and if it is medically necessary. • Claire Dunn, of Teachers Retirement Association, stated that benefit payments should be kept as low as possible. • John Madden, retiree, expressed concern and asked the HSB to consider possible alternatives for a large number of retirees and some actives employees who reside in locations that do not allow the advantage of choice in selecting a health plan.

			• Franz Brockerman, retiree, expressed his concern for the higher rates that people with Medicare pay for Part B than those without Medicare. Public Comments: None
•	10262004-04	Discussion Item	Opportunity To Place Items On Future Agendas. • Medicare Part D presentation by Towers Perrin. Public Comments: None
•	10262004-05	Discussion Item	Opportunity For The Public To Comment On Any Matters Within The Committee's Jurisdiction. Public Comments: None

Adjourn 11:52 AM

SUMMARY OF HEALTH SERVICE SYSTEM RULES REGARDING PUBLIC COMMENT

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City & County of San Francisco
Health Service System

November 8, 2004 (Rescheduled)

NOTICE

RATES & BENEFITS COMMITTEE

MEETING RESCHEDULED

From

MONDAY, NOVEMBER 8, 2004

NEW MEETING DATE

TUESDAY, NOVEMBER 16, 2004
12 NOON TO 1:30 PM
HEARING ROOM 416

(Followed by a 15 minute recess)

HEALTH SERVICE BOARD

REGULAR MEETING

TUESDAY, NOVEMBER 16, 2004
1:45 PM to 3:30 PM

CITY HALL, ROOM 416
1 DR. CARLTON B. GOODLETT PLACE
SAN FRANCISCO, CA 94102

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HEALTH SERVICE BOARD
RATES AND BENEFITS COMMITTEE

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NOTICE AND AGENDA

Tuesday, November 16, 2004
12 Noon
City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

❑ **Call to Order**

❑ **Roll Call**

Commissioner Zvanski, Chair
Commissioner Breslin
Commissioner Deignan
Commissioner Heldfond
Commissioner Van Runkle

❑ 11162004-01 | Action Item

Approval (with possible modifications) of the minutes of the following meeting:

- *Rates and Benefits Meeting of October 26, 2004*

Staff Recommendation: Approve draft minutes

Documents provided to Committee prior to meeting: *Draft Minutes of Rates and Benefits Meeting*

Public Comments:

Action:

❑ 11162004-02 | Discussion Item

CCSF July 1, 2005 Renewals Update

Documents will be provided to the Committee prior to meeting.

Public Comments:

❑ 11162004-03 | Discussion Item

United Healthcare Plan Design Considerations and Disease Management Programs

Documents will be provided to the Committee prior to meeting.

Public Comments:

❑ 11162004-04 | Discussion Item

Medicare/Part D Presentation (Towers Perrin)

Documents will be provided to Committee prior to meeting.

Public Comments:

❑ 11162004-05 | Discussion Item

Plan Design Ideas from Interested Parties

Documents provided to Committee prior to meeting: None

Public Comments:

❑ 11162004-06 | Discussion Item

Opportunity To Place Items On Future Agendas.

Public Comments:

❑ 11162004-07 | Discussion Item

Opportunity For The Public To Comment On Any Matters Within The Committee's Jurisdiction.

Public Comments:

Adjourn

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City & County of San Francisco
Health Service System

November 16, 2004

Health Service Board
Rates and Benefits Committee

Minutes

Tuesday, November 16, 2004
12 Noon

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

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•	Call to Order		
•	Roll Call	Commissioner Zvanski, Chair Commissioner Breslin Commissioner Deignan Commissioner Heldfond Commissioner Van Runkle	
•	11162004-01	Action Item	Approval (with possible modifications) of the minutes of the following meeting: • The Committee received the draft minutes of October 26, 2004. Public Comments: None Action: Motion was moved and seconded by the Committee to approve the minutes with recommended corrections. Motion passed: 5 to 0.
•	11162004-02	Discussion Item	CCSF July 1, 2005 Renewals Update • The Committee received the CCSF July 1, 2005 Renewals Update, which is attached as Schedule #1. Subjects included in this report are as follows: What's Changed Since the Last Version Approved Plan Design Changes for 2004-2005 Plan Year HMO Rate Renewals- (Blue Shield, Health Net, and Kaiser)

			HMO Benefit Design Changes HMO Rate Re-Alignment Health Net Seniority Plus Quote Plan 1 Rate Renewal Plan 1 Benefit Design Changes Dental Rate Renewal Guaranteed Rates and Fees for 2005-2006 Plan Year Plan 1 Topics for Discussion • Latest news from CalPERS • High/Low PPO plans • "Consumer driven" health plans- Health Savings Accounts (HSAs) -A new item added to the renewal report (Page 40), which lists the big differences between HSAs and the Consumer Directed Health Plan (CDHP). • Three Ways to Introduce a High-Deductible Option • Disease/Care Management Public Comments: • Mr. Tom Minero, Consultant of TSM Associates proposed an alternative to the CCSF prescription drug benefit as outlined under the self-funded Plan 1 and presented the Committee with copies of his program (ECONRx) information sheet. • Diane Hermann expressed concern regarding benefit coverage under the options of returning to co-pay deductions under Plan 1 and if screening tests for strokes will be covered by the HMOs. • Kelly Cal commended about the advantages in Health Savings Accounts (HSA).
•	11162004-03	Discussion Item	United Healthcare Plan Design Considerations and Disease Management Programs (Kathy Hajopoulos)

			• The Committee received the CCSF City Plan Benefit Design Considerations, which is attached as Schedule #2. This report lists various benefits and coverage details for each benefit by CCSF Plan design and by standard UHC plan design. This report also includes the list of services that require notification which is necessary in order to avoid s non-notification penalty. • The Disease Management Program presentation was deferred until the next meeting. *Public Comments: None*
•	*11162004-04*	*Discussion Item*	*Medicare/Part D Presentation (Roland Mittica)* • The Committee received the CCSF Employers and the New Medicare Prescription Drug Benefit report, which is attached as Schedule #3. Due to the shortage of time, discussions regarding this report will be continued at the next meeting. *Public Comments: None*
•	*11162004-05*	*Discussion Item*	*Plan Design Ideas from Interested Parties* • Deferred to the next meeting. *Public Comments: None*
•	*11162004-06*	*Discussion Item*	*Opportunity To Place Items On Future Agendas.* • Renewal Update • Disease Management • Medicare/Part D Public Comments: None
•	11162004-07	Discussion Item	Opportunity For The Public To Comment On Any Matters Within The Committee's Jurisdiction. Public Comments: None

Adjourn: 12:45

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HEALTH SERVICE BOARD
RATES AND BENEFITS COMMITTEE

NOTICE AND AGENDA

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Tuesday, December 7, 2004
10:00 AM
City Hall, Room 408
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

❑	Call to Order		
❑	Roll Call		Commissioner Zvanski, Chair Commissioner Breslin Commissioner Deignan Commissioner Heldfond Commissioner Van Runkle 12-01-04A10:49 RCVD
❑	12072004-01	Action Item	**Approval (with possible modifications) of the minutes of the following meeting:** • *Rates and Benefits Meeting of November 16, 2004* Staff Recommendation: Approve draft minutes Documents provided to Committee prior to meeting: *Draft Minutes of Rates and Benefits Meeting* Public Comments: Action:
❑	12072004-02	Discussion Item	**CCSF July 1, 2005 Renewals Update** Documents will be provided to the Committee prior to meeting. Public Comments:
❑	12072004-03	Action Item	**United Healthcare Disease Management Programs** Documents will be provided to the Committee prior to meeting. Public Comments: Action:
❑	12072004-04	Discussion Item	**Medicare/Part D Presentation (Towers Perrin)** Documents will be provided to Committee prior to meeting. Public Comments:
❑	12072004-05	Discussion Item	**HMO Rate Renewals for Plan Year 2005-2006** Documents will be provided to Committee prior to meeting. Public Comments:
❑	12072004-06	Discussion Item	**Plan Design Ideas from Interested Parties** Documents provided to Committee prior to meeting: None Public Comments:
❑	12072004-07	Discussion Item	**Opportunity To Place Items On Future Agendas.**

			Public Comments:
❑	12072004-08 Adjourn	Discussion Item	**Opportunity For The Public To Comment On Any Matters Within The Committee's Jurisdiction.** Public Comments:

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City & County of San Francisco
Health Service System

December 7, 2004

Health Service Board
Rates and Benefits Committee

Minutes

Tuesday, December 7, 2004

10:00 AM

City Hall, Room 408
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

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•	Call to Order		
•	Roll Call	Commissioner Zvanski, Chair Commissioner Breslin Commissioner Deignan, *Excused* Commissioner Heldfond, *Arrived after Item #1* Commissioner Van Runkle	
•	12072004-01	Action Item	Approval (with possible modifications) of the minutes of the following meeting: · *Rates and Benefits Meeting of November 16, 2004* Staff Recommendation: Approve draft minutes Documents provided to Committee prior to meeting: *Draft Minutes of Rates and Benefits Meeting.* Public Comments: None Action: Motion was moved and seconded by the Committee to approve the draft minutes for the Rates and Benefits Committee of November 16, 2004. Motion passed 3 to 0.
•	12072004-02	Discussion Item	CCSF July 1, 2005 Renewals Update • Commissioner Zvanski requested earlier delivery of the Towers Perrin report so that the Committee can review it prior to the meeting. Some of the Commissioners did not receive it until

this morning. Mr. Kramer apologized for the delay and promised to complete and deliver the report to the commissioners prior to the meeting.

• The Committee received the CCSF July 1, 2005 Renewals Update as of December 7, 2005. This report is attached as Schedule #1. Topics covered in this 55 page report:

What's Changed Since the Last Version (11/16/04)?

- A summary of all of the changes in this report is on Page 2.

Approved Plan Design Changes for 2004-2005 Plan Year

HMO Rate Renewals- (Blue Shield, Health Net, and Kaiser)

- 10-County Survey amount is incomplete because LA County has not reported their rates; therefore, Towers Perrin assumes an 11% increase in the 10-county amount in the HMO rate renewals. Jeffrey Hildebrant stated that a rate report is expected as late as Thursday morning and that certification of the 10-County Survey Amount is on the HSB Regular agenda for Thursday (12/9/04) because it is necessary to approve in order to meet the Board of Supervisor's (BOS) deadline in January 2005.

HMO Benefit Design Changes

• Proposal to introduce VSP as vision carrier for Kaiser. Presentations was presented by VSP and Kaiser representatives, which included a comparison chart of "Key Attributes" of the vision benefit in their plan:

- Service Locations
Eye Exam
Prescription Glasses
Contact Lenses
Interim Benefits
Co-Pays
Low Vision Coverage
Value Added Features
Reporting
Rate Stability

Vision Service Plan (VSP),

Bruce A. Smith, Vice President Western Division

- The Committee received from VSP an *Optical Benefit Comparison for CCSF* report, which is attached as Schedule #2. The second page of this report presents the "*Executive Summary Provided for Health Service System*," which is a summary of the following attributes: VSP value clients since 1976, stability, access, quality, reporting and ease of administration.

- Commissioner Breslin requested data concerning the number of people that use the VSP benefit.

Kaiser Permanente

Myrna Dillon, Senior Accounts Manager

Steve Robertson, Managing Director of Regional Optical Services

- The Committee received an Optical Benefit Comparison for CCSF, which is attached as Schedule #3. This chart compares VSP coverage versus Kaiser Permanente. Mr. Robertson gave this presentation and stated that as a part of their value added features, Kaiser operate under a labor-management partnership. Myrna Dillon challenged VSP to a side by side comparison of out-of-pocket costs to employees that are not listed and are in addition to money that are over and above the cost allowance of VSP and Kaiser Permanente.

HMO Rate Re-Alignment

Health Net Seniority Plus Quote

Plan 1 Rate Renewal

Plan 1 Benefit Design Changes

Dental Rate Renewal

Guaranteed Rates and Fees for 2005-2006 Plan Year

Plan 1 Topics for Discussion

HMO Rate Renewals

HMO Benefit Design Changes

HMO Rate Re-Alignment

			Health Net Seniority Plus Quote Plan 1 Rate Renewal - Trust fund expense-PEPM expense reduced from $1.00 to $.50 for all plans. Plan 1 Benefit Design Changes Dental Rate Renewal - Accrual rates will be increased by 6.5%. Increase of composite rate of 6.8% is due to the decrease in PMI and PUD enrollment. Prescription Drug Benefit Comparison - Correction on Page 35 1st Chart- Uniprise prescription cost for formulary drugs is $15 - not $25 as listed in lines 2, 3 and 4. Appendix Part A: HMO Rate Re-Alignment Public Comments: None
•	12072004-03	Action Item	United Healthcare Disease Management Programs (Kathy Hajapolous) • The Committee received a Power Point report regarding United Healthcare Care Coordination Program and CorSolutions Disease Management Programs, which are listed as Schedule #4. The Care Coordination is comprised of core activities that include health education, reminder programs, admission counseling, inpatient care advocacy, welcome home, and IMPACT. Disease Management Programs include: cardiac, diabetes, Chronic Obstructive Pulmonary Disease (COPD), Oncology, and Musculoskeletal and chronic pain. • Mid year changes are not recommended before the year-end because of contractual agreements for the current fiscal year. *Public Comments: None* *Action: None- changes will be discussed next year.*
•	*12072004-04*	*Discussion Item*	*Medicare Part D Presentation (Roland Mittica)* • The Committee received the CCSF Employers and the New Medicare Prescription Drug Benefit, which is attached as Schedule #5. Subjects

			covered in this report are: - Overview of Current City & County of San Francisco Medicare Arrangements - The New Medicare Drug Benefit - Standard Medicare Drug Benefit in 2006. - Medicare Payment-Standard Benefit in 2006 - Beneficiary Perspective: Medicare Drug Benefits Delivered by Private Part D Only Plan. Retirees who get drug coverage under one of the City's plans do not need to sign up for a Part D plan. - Federal Subsidy for Certain Employer-Provided Retiree Drug Benefits - Medicare Drug Discount Card. There is little reason for City retirees with medical coverage to purchase discount drug cards. - Other Provisions in Medicare Drug Bill *Public Comments: None*
•	*12072004-05*	*Discussion Item*	HMO Rate Renewals for Plan Year 2005-2006 • Deferred to next Rates & Benefits Committee. *Public Comments: None*
•	*12072004-06*	*Discussion Item*	*Plan Design Ideas from Interested Parties* • John Madden recommended keeping gap dollars within the Plans that generate it. Public Comments: None
•	12072004-07	Discussion Item	Opportunity To Place Items On Future Agendas. • Continued agenda items Public Comments: None
•	12072004-08 Adjourn 11:54 AM	Discussion Item	Opportunity For The Public To Comment On Any Matters Within The Committee's Jurisdiction. Public Comments: None

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HEALTH SERVICE BOARD
RATES AND BENEFITS COMMITTEE

NOTICE AND AGENDA

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Monday, December 20, 2004
10:10 AM
City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

❑	**Call to Order**		
❑	**Roll Call**		**Commissioner Zvanski, Chair** **Commissioner Breslin** **Commissioner Deignan** **Commissioner Heldfond** **Commissioner Van Runkle** 12-15-04P02:17 RCVD
❑	**12202004-01**	**Action Item**	**Approval (with possible modifications) of the minutes of the following meeting:** • *Rates and Benefits Meeting of December 7, 2004* Staff Recommendation: Approve draft minutes Documents provided to Committee prior to meeting: *Draft Minutes of Rates and Benefits Meeting.* Public Comments: Action:
❑	**12202004-02**	**Discussion Item/With Possible Action**	**CCSF July 1, 2005 Renewals Update** Documents will be provided to the Committee prior to meeting. Public Comments:
❑	**12202004-03**	**Discussion Item/With Possible Action**	**HMO Rate Renewals for Plan Year 2005-2006** Documents will be provided to Committee prior to meeting. Public Comments:
❑	**12202004-04**	**Discussion Item/With Possible Action**	**Plan Design Ideas from Interested Parties** Documents provided to Committee prior to meeting: None Public Comments:
❑	**12202004-05**	**Discussion Item**	**Opportunity To Place Items On Future Agendas.** Public Comments:
❑	**12202004-06** **Adjourn**	**Discussion Item**	**Opportunity For The Public To Comment On Any Matters Within The Committee's Jurisdiction.** Public Comments:

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City & County of San Francisco
Health Service System

December 20, 2004

Health Service Board
Rates and Benefits Committee

Minutes

Monday, December 20, 2004
10:10 AM

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

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•	Call to Order		
•	Roll Call	Commissioner Zvanski, Chair Commissioner Breslin Commissioner Deignan Commissioner Heldfond Commissioner Van Runkle, *Excused*	
•	12202004-01	Action Item	Approval (with possible modifications) of the minutes of the following meeting: Staff Recommendation: Approve draft minutes *The Committee received the draft minutes of the Rates and Benefits Meeting of December 7, 2004.* Public Comments: None Action: Motion was moved and seconded by the Committee to approve the Rates and Benefits Committee minutes of December 7, 2004. Motion passed 4 to 0.
•	12202004-02	Discussion Item/With Possible Action	CCSF July 1, 2005 Renewals Update • Towers Perrin Consultant, Susanna Brown presented the CCSF July 1, 2005 Renewals Update as of December 20, 2004, which is attached as Schedule #1. What's Changed Since the Last Version (12/16/04)?

- Changes are listed on Page 2.

Approved Plan Design Changes for 2004-2005 Plan Year

HMO Rate Renewals- (Blue Shield, Health Net, and Kaiser)

- Overview of the revised HMO rate renewals (pages 5-8)

- HMO renewal rates with the updated 10-County Amount included.

HMO Benefit Design Changes (Michael Hilton)

Motion

Commissioner Heldfond made a motion to leave the office co-payment option in the renewal report and remove the specialist, pharmacy and hospital increase co-pay options from consideration. This recommendation would remove the following pages form the CCSF Renewal Report: Pages 10, 11and 12.

Deputy City Attorney, Molly Stump, reminded the Committee that all recommendations approved by the Commissioners are not final until they have been presented and approved by the HSB Full Board, which is the body that has the authority to make the final decisions.

Public Comments:

- Clara Dunn, CCSF retiree asked to Committee to consider the negative impact on retirees if the office co-pay is raised from $10 to $15.

- Bernard Crotty, President of the Retirees Assoc., stated that the right decision should be based upon the impact it would have on both active and retiree members.

- John Madden, retiree, recommended keeping office co-payment on the table, especially if it could help (in the long run) to save City jobs.

- Diane Hermann recommended keeping the office co-payment on the table.

Action: Motion was moved and seconded by the Committee to keep the office co-payment on the table and eliminate the specialist increase in co-payment, increase in pharmacy co-pay, and the

changes in the hospital admission from the report. Motion passed 4 to 0.

HMO Rate Re-Alignment

Health Net Seniority Plus Quote

Plan 1 Rate Renewal

Plan 1 Benefit Design Changes

Vision Service Plan (VSP)

Janet Findley

• Presented to the Committee a *Revised Executive Summary Prepared for Health Service System for December 20, 2004*. This document is attached as Schedule #2. This report is in consideration of a vision carve -out between Kaiser and VSP It is a proposal to introduce VSP a vision carrier for Kaiser. Subjects covered are:

- Options regarding upgrade contact lens for Non-Kaiser members, addition of Kaiser members and projected savings for the addition of Kaiser members.

- Benefits for Health Service System

- Cosmetic lens option pricing

- Communications to the member

- Providers in surrounding counties

- Current utilization of the plan

- Reports provided to HSS and Towers Perrin

Kaiser Permanente

Myrna Dillon, Senior Accounts Manager

• The committee received the Kaiser *Permanente Optical Product Extras*, which includes a report on the cost comparisons that is not included in the CCSF Renewal Update report. This report is attached as Schedule #3. Outlined in this report are the following subjects:

- Optical products and costs (i.e. no line bifocal, tinting, etc)

- Customer satisfaction ratings for the 3rd quarter- 2004.

• The Committee agreed to continue the vision carve-out discussion at the next Rates and Benefits meeting in January 2005. Michael Hilton stated that he would present the Committee with a side by side comparison sheet between Kaiser and VSP.

Dental Rate Renewal

Guaranteed Rates and Fees for 2005-2006 Plan Year

Plan 1 Topics for Discussion

HMO Rate Renewals

HMO Benefit Design Changes

HMO Rate Re-Alignment

Health Net Seniority Plus Quote

Plan 1 Rate Renewal

Plan 1 Benefit Design Changes

Motion-Pharmacy Co-payments

• Chair Zvanski moved to eliminate the pharmacy co-payments proposal (Page 23) from Plan 1 discussion.

Public Comment: None

Action: Motion was moved and seconded by the Committee to remove the pharmacy co-payments proposal from the renewal update and from Plan 1 discussions. Motion passed 4 to 0.

Motion-Annual Deductible and Coinsurance

• Commissioner Heldfond moved to eliminate the annual deductible proposal on Page 24 and the coinsurance proposal on Page 25 and from Plan 1 discussions.

Public Comment:

• Diane Hermann noted the differences in the annual deductible listed in the last report for employee and one dependent and an employee

and family with the current deductions in this report and how the differences impact the rates.

Action: Motion was moved and seconded by the Committee to eliminate the annual deductible proposal on Page 24 and the coinsurance proposal on Page 25 of the renewal update. Motion passed 4 to 0.

Motion to Adopt Medicare Deduction

- Motion was moved by the Committee to adopt the Medicare deductible proposal that is listed on Page 26 of the Renewal Update Report

Public Comments:

- Bernard Crotty requested clarification of the deductible amount Medicare members would be paying. Chair Zvanski clarified that Medicare members will pay only $110 and not a dual deduction of $250.

- Kathy Hajapoulos, of Uniprise, clarified that the Medicare deductible ($110) is always paid first and it is followed by an adjusted lower deductible by United Health Care ($140).

Action: Motion was moved and seconded by the Committee to eliminate dual deductible on Medicare; apply $250 Plan 1 deductible and give credit for $110 Medicare deductible. Motion passed 4 to 0.

Uniprise Plan Design Changes

Deferred until the next Rates and Benefits Committee.

Delta Dental Rate Renewal

Rhett Davis of Delta Dental presented a short overview of the renewal proposal for the insured DPO plan for retirees and self-insured DPO plan for employees. Mr. Davis stated that the retiree utilization of Delta Dental for FY July 1, 2003-June 30, 2004 was 76.4%.

Prescription Drug Benefit Comparison

Dr. Martin Fornataro, Certified Pharmacist with Towers Perrin and former HMO Pharmacy Director explained the usage of Dispense-as-Written (DAW) Claim Adjudication (Page 35-36) Chart. The

comparison chart is between United Health Care, Blue Shield, and Health Net and reflect the difference in the cost between:

- Tier 1:Generic

- Tier 2: Formulary/Preferred Brand

- Tier 3: Non-Formulary/Non-Preferred Brand

Dr. Fornataro stated that in Tier 2, under the physician requested (DAW or DNS), the correct copay is $15 and the listed $25 is in error (page 35). When a physician writes DNS on a prescription it means "do not substitute."

Motion-Dispense-as-Written (DAW) Claim Adjudication

Commissioner Heldfond moved that on Page 35:

Tier 1 - Remain the same across the board ($5)

- Tier 2- Generic equivalent and member requested- adopt in Plan 1 the Blue Shield and Health Net solution. Physician requested (DAW or DNS) per amendment of United Health Care, be $15 across the board

- Tier 3: Non-formulary/Non-preferred Brand-single source is $25 across the board; with generic equivalent and member requested - Plan 1 will adopt the United and Blue Shield solution and Health Net will remain as it is; and Physician requested (DAW or DNS) remain $25 across the board.

Public Comment: None

Action: Motion was moved and seconded by the Committee that Tier 1 remain the same across the board ($5);

Tier 2- Generic equivalent and member requested- Adopt in Plan 1 the Blue Shield and Health Net solution; and Physician requested (DAW or DNS) per amendment of United Health Care, $15 across the board;

Tier 3-Non-formulary/Non-preferred Brand-single source is $25 across the board; generic equivalent

			and member requested - Plan 1 will adopt the United and Blue Shield solution and Health Net will remain as it is; and Physician requested (DAW or DNS) remain $25 across the board. Motion passed 4 to 0. Appendix Part A: HMO Rate Re-Alignment Public Comments: None
•	12202004-03	Discussion Item/With Possible Action	HMO Rate Renewals for Plan Year 2005-2006 Linda Patron of Blue Shield of California • The Committee received the *Blue Shield of California* HSS Renewal, which is attached as Schedule #4. Ms. Patron amended errors on Page 2 - The contract dates should be from 10/01/03 to 10/01/04 and the totals should be reversed to 4,395 in 10/01/03 and 5,407 in 10/01/04. The Committee will receive an amendment of the enrollment changes data (page 2). • Blue Shield of California Underwriters and Account Management team met with Towers Perrin, Commissioner Zvanski, Jeffrey Hildebrant, and Jamie Austin and as a result of the meeting, adjustments were made to the renewal (page 7). Renewal after adjustments on December 3, 2004 is listed on Page 8. Joanne Haggerty of Health Net • The Committee received the CCSF Renewal, effective July 1, 2005. This document is attached as Schedule #5. Also included in the Health Net renewal packet is: Decision Power, attached as Schedule #6, and Health Net 2005 Seniority Plus County and CCSF Seniority Plus, which is attached as Schedule #7. Myrna Dillon of Kaiser Permanente • The Committee received the CCSF Health Service System 2005-2006 Renewal Presentation, which is attached as Schedule #8. Jean Anderson, Strategic Underwriting Director for Kaiser, presented the summary regarding how the commercial rate is set; how the HSS premium is set, third quarter 2005 commercial rating, 2005-2006 renewal rates and benefits, Medicare benefit comparison; and standard contract changes for 2005-2006. *Kaiser Permanente 2003 Annual Performance Report for CCSF* is attached

			as Schedule #9. Public Comments: None
•	12202004-04	Discussion Item/With Possible Action	Plan Design Ideas from Interested Parties None Public Comments: None
•	12202004-05	Discussion Item	Opportunity To Place Items On Future Agendas. • Agenda items forwarded to next meeting • Next Rates and Benefits meeting will be January 11, 2005 and January 25, 2005. Public Comments: None
•	12202004-06 Adjourn 2:15 PM	Discussion Item	Opportunity For The Public To Comment On Any Matters Within The Committee's Jurisdiction. Public Comments: None

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HEALTH SERVICE BOARD
RATES AND BENEFITS COMMITTEE

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NOTICE AND AGENDA

Tuesday, January 11, 2005
10:10 AM
City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

❑	**Call to Order**		
❑	**Roll Call**		**Commissioner Zvanski, Chair** **Commissioner Breslin** **Commissioner Deignan** **Commissioner Heldfond** **Commissioner Van Runkle**
❑	**01112005-01**	**Action Item**	**Approval (with possible modifications) of the minutes of the following meeting:** • *Rates and Benefits Meeting of December 20, 2004* Staff Recommendation: Approve draft minutes Documents provided to Committee prior to meeting: *Draft Minutes of Rates and Benefits Meeting.* Public Comments: Action:
	01112005-02	**Discussion Item**	**Mayor's City Budget Update for FY 2005-2006** Documents provided to the Committee prior to meeting. None Public Comments:
❑	**01112005-03**	**Discussion Item/With Possible Action**	**CCSF July 1, 2005 Renewals Update** Documents will be provided to the Committee prior to meeting. Public Comments: Action:
❑	**01112005-04**	**Discussion Item/With Possible Action**	**HMO Rates & Benefits Renewals for Plan Year 2005-2006** Documents will be provided to Committee prior to meeting. Public Comments: Action:
❑	**01112005-05**	**Discussion Item/With Possible Action**	**City Health Plan Rates and Benefits Renewals for Plan Year 2005-2006** Documents will be provided to Committee prior to meeting. Public Comments: Action:

❑	01112005-06	Discussion Item/With Possible Action	**Vision Service Plan (VSP) Rates and Benefits Renewals for Plan Year 2005-2006** Documents will be provided to Committee prior to meeting. Public Comments: Action:
❑	01112005-07	Discussion Item/With Possible Action	**Dental Plan Rates and Benefits Renewals for Plan Year 2005-2006** Documents will be provided to Committee prior to meeting. Public Comments: Action:
❑	01112005-08	Discussion Item	**Opportunity To Place Items On Future Agendas.** Public Comments:
❑	01112005-09 Adjourn	Discussion Item	**Opportunity For The Public To Comment On Any Matters Within The Committee's Jurisdiction.** Public Comments:

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City & County of San Francisco
Health Service System

January 11, 2005

Health Service Board
Rates and Benefits Committee

Minutes

Tuesday, January 11, 2005
10:10 AM

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

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•	Call to Order		
•	Roll Call	Commissioner Zvanski, Chair Commissioner Breslin Commissioner Deignan, Arrived after Item 1 Commissioner Heldfond, *Excused* Commissioner Van Runkle • Chair Zvanski announced that Jeff Hildebrant is on vacation.	
•	01112005-01	Action Item	Approval (with possible modifications) of the minutes of the following meeting: · *Rates and Benefits Meeting of December 20, 2004* Staff Recommendation: Approve draft minutes Documents provided to Committee prior to meeting: *Draft Minutes of Rates and Benefits Meeting.* Public Comments: Action: Moved and seconded by the Committee to approve the minutes with recommended amendments. Motion passed 4 to
	01112005-02	Discussion Item	Mayor's City Budget Update for FY 2005-2006 • Ben Rosenfield, of the Mayor's Budget Office presented a brief overview of the current status of the budget deficit and

			its impact for FY 2005-2006. He offered to return to the next Rates and Benefits Committee meeting and present options for the Commissioners to consider that would be beneficial to the needs of the employees and the employer. • Chair Zvanski requested Mr. Rosenfield to attend the next HSB Regular Meeting and to present his recommendations in advance of the meeting so that the Commissioners will have time to review it. Public Comments: None
•	01112005-03	Discussion Item/With Possible Action	CCSF July 1, 2005 Renewals Update, Michael Hilton • The Committee received the July 1, 2005 Renewals Update as of January 11, 2005. This document has expanded to 95 pages and is attached as Schedule #1 Chair Zvanski Combined Items 3-4-5
•	01112005-04	Discussion Item/With Possible Action	HMO Rates & Benefits Renewals for Plan Year 2005-2006 *COMBINED*
•	*01112005-05*	*Discussion Item/With Possible Action*	*City Health Plan Rates and Benefits Renewals for Plan Year 2005-2006* *COMBINED*
			Table of Contents- *What's Changed Since the Last Version (12/20/04)* • List of changes are on Pages 3-4 of the renewal. Approved Plan Design Changes for 2004-2005 Plan Year HMO Rate Renewals HMO Benefit Design Changes HMO Rate Re-Alignment • Deferred to next meeting. Health Net Seniority Plus Quote

- Joanne Haggerty of Health Net stated that currently 72% of the CCSF population falls into the Seniority Plus service area and the remaining 28% does not. Coordination of Benefits (COB) members do not qualify for Seniority Plus because they live outside the service area which is owned and contracted out by the provider (i.e. Marin County). Health Net is currently in negotiations with the provider in an effort to expand the Seniority Plus service area to 98%. An update of the service area will be given at the next Rates & Benefits Committee meeting in January 25, 2005.

Blue Shield/Health Net Consolidation Quote

Plan 1 Rate Renewal

- Medical rate increased by 13% and the pharmacy rate increased by 6.8% (based on claims through November).

- The Committee received another *Plan 1 Trust Fund Subsidy* of estimated effect on 2005-2006 member contributions ranging from $3.0 million to $18.0 million. This document is attached as Schedule #2.

Plan 1 Benefit Design Changes

- Uniprise proposed plan design changes- accepted options are highlighted in yellow.

Action -Uniprise Proposed Plan Design Changes Pending (Page 28)

- Committee agreed unanimously to approve Uniprise's standard flat penalty fee of $400.

Prescription Drug Benefit Comparison

Dental Rate Renewal

Guaranteed Rates and Fees for 2005-2006 Plan Year

Plan 1 Topics for Discussion

Appendix

- All items that the Committee removed

			from the renewal and from further discussion are listed in the Appendix. Public Comments: • Diane Hermann expressed concern of design change ideas presented to the Committee earlier is not included as a benefits being considered for this fiscal year. • Bernard Crotty, retiree, requested clarification consolidation of plans and the meaning of COB (Coordination of Benefits). • Clara Dunn, retiree, stated that the retirees are owed an explanation regarding the $140 and $350/$250 deductible. The Committee should consider the impact of the raises in rates on doctor visits. • Diane Hermann stated that the retirees appreciate the conservative approach to the reserves and on the spend down (2) consolidation of the HMOs encouraged competition which resulted in better deals for the members, and (3) Committee should consider increasing the reasonable and customary rates next year because members are currently paying two thirds of the medical bills not 50%. Chair Zvanski stated that Uniprise's UCR was accepted at the time of their contract agreement. • Nancy Gin of Protect Our Benefits, expressed concern regarding the trust fund remaining healthy and questioned the investments. • Diane Hermann stated that according to Page 65 of the renewal, the reasonable and customary percentile is not separate. Action: None
•	01112005-06	Discussion Item/With Possible Action	Vision Service Plan (VSP) Rates and Benefits Renewals for Plan Year 2005-2006 Kaiser Permanente Myrna Dillon and Steve Levenson, Manager of Optical Sales.

- The Committee received the following documents:

  Kaiser Permanente Proposed 2005 Optical Rates

  Kaiser Permanente Sample Costing

  These documents are attached as Schedule #3.

- Chair Zvanski requested information regarding Progressive Lens and the cost and asked why members are charged for glass covers. Mr. Levenson stated that there are errors in the cost of the Progressive Lens and a follow up report will be given at the next meeting. The Committee reminded the Kaiser representatives that they expected an out-of-pocket cost comparison on benefits offered by Kaiser as a VSP provider.

- Committee requested data regarding contact lens at the next meeting.

Vision Service Plan (VSP)

Janet Findlay

- The Committee received the following documents:

  VSP Plan and Lens Option Comparison for CCSF

  This sheet was developed after shopping at Kaiser for VSP

  VSP Member Out-of-Pocket Comparison for City and County of San Francisco.

  Final Summary HSS

  - List of VSP benefits for Kaiser members

  - Benefits for Non Kaiser Members

  - Benefits for Health Service System

These documents are listed as Schedule #4.

- By moving the non Kaiser population over to VSP the CCSF will save approximately $165,000 over a 2 year contract period.

			• VSP is offering a 24 month guarantee. • Chair Zvanski and the Committee complimented Ms. Findlay for her excellent and thorough VSP report and as well as the labor involved in her cost comparison and out-of-pocket data presentation. Public Comments: Claire Dunn requested that the vendors be available to answer questions regarding their experiences at the next meeting. Action: None/deferred until next meeting.
•	01112005-07	Discussion Item/With Possible Action	Dental Plan Rates and Benefits Renewals for Plan Year 2005-2006 • Deferred to the next meeting. Public Comments: None Action: None
•	01112005-08	Discussion Item	Opportunity To Place Items On Future Agendas. • Delta Dental • Vision Wars • Next agenda -combine Items 3, 4, and 5 Public Comments: None
•	01112005-09 Adjourn 2:05 PM	Discussion Item	Opportunity For The Public To Comment On Any Matters Within The Committee's Jurisdiction. Public Comments: None

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HEALTH SERVICE BOARD
RATES AND BENEFITS COMMITTEE

NOTICE AND AGENDA

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Tuesday, January 25, 2005
10:10 AM
City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

❑	Call to Order		
❑	Roll Call		01-24-05P01:56 RCVD Commissioner Zvanski, Chair Commissioner Breslin Commissioner Deignan Commissioner Heldfond Commissioner Van Runkle
❑	01252005-01	Action Item	**Approval (with possible modifications) of the minutes of the following meeting:** • *Rates and Benefits Meeting of January 11, 2005* Staff Recommendation: Approve draft minutes Documents provided to Committee prior to meeting: *Draft Minutes of Rates and Benefits Meeting.* Public Comments: Action:
	01252005-02	Discussion Item	**Mayor's City Budget Update for FY 2005-2006** Documents provided to the Committee prior to meeting. None Public Comments:
❑	01252005-03	Discussion Item/With Possible Action	**Dental Plan Rates and Benefits Renewals for Plan Year 2005-2006** Documents will be provided to Committee prior to meeting. Public Comments: Action:
❑	01252005-04	Discussion Item/With Possible Action	**CCSF July 1, 2005 Renewals Update** - HMOs - City Health Plan - Vision Service Plan (VSP) Documents will be provided to the Committee prior to meeting. Public Comments: Action:
❑	01252005-05	Discussion Item	**Opportunity To Place Items On Future Agendas.** Public Comments:
❑	01252005-06	Discussion Item	**Opportunity For The Public To Comment On Any Matters Within The Committee's Jurisdiction.**

	Adjourn		Public Comments:

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City & County of San Francisco
Health Service System

January 25, 2005

Health Service Board
Rates and Benefits Committee

Minutes

Tuesday, January 25, 2005
10:10 AM

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

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•	Call to Order		
•	Roll Call	Commissioner Zvanski, Chair Commissioner Breslin Commissioner Deignan Commissioner Heldfond Commissioner Van Runkle • Chair Zvanski announced that the last Rates and Benefits Committee meeting will be held on Tuesday, February 8, 2005 and all decisions will be finalized.	
•	01252005-01	Action Item	Approval (with possible modifications) of the minutes of the following meeting: • Documents provided to Committee prior to meeting: *Draft Minutes of the Rates and Benefits Committee Meeting for January 11, 2005.* Public Comments: None Action: Moved and seconded by the Committee to accept the draft minutes for January 11, 2005. Motion passed 5 to 0. Chair Zvanski recommended moving the Delta Dental Plan up on the agenda until the arrival of Ben Rosenfield for Item 3.
•	01252005-02	Discussion Item/With Possible Action	Dental Plan Rates and Benefits Renewals for Plan Year 2005-2006 • Rhett Davis presented the *Delta Dental 2005-2006 Renewal Recommendations Insured Delta*

			Preferred Option (DPO) Plan for Retirees (Delta Group #1673. This document is attached as Schedule #1 and include details regarding the following topics: Current Program Design Proposed Renewal Rates Utilization Statistics -93% of the CCSF population uses the Delta Dentist DPO program and is enrolled in the cost savings plans. Delta's DPO "Safety Net" Additional Statistics Alternate Program Design for Consideration/Retiree Dental Program (Group #1673) Proposed Renewal Rates-Alternate Program Design Proposed Program Design-Comparison to Current Programs Delta Dental-Then Nations Leading Dental Carrier • Christina Grimes of Pacific Union Dental stated that the match active employees' plan is 77.2%. See page 35 of the July 1, 2005 Renewal Update-Insured DHMO Plans for Retirees. Insured employee and retiree plan rates are guaranteed until June 30, 2006 (Page 36). Public Comments: None Action: None. Item will be continued as a separate item on the next agenda.
•	01252005-03	Discussion Item	Mayor's City Budget Update for FY 2005-2006 William Bass requested that the Mayor's budget update presentation be delayed a few minutes until the arrival of Ben Rosenfield. Meanwhile, the following documents was provided to the Committee, with apologies for not having them ready for the Commissioners prior to the meeting: *Mayor's Budget Office Proposal and the Health and Dental Plan Options for FY 2005-2006* and *Use* (amounts and percentages) *Of Surplus Benefits Of All HSS Payors And Members* These items are attached as Scheduled #2. This report was generated by the Controller's Office and itemizes the changes in health benefit costs for the FY 2005-2006 budget, with the projected increase in general fund costs. The total projected general fund impact is $25,626,937. The second page of this report is the Mayor's Budget Office Proposal listings and the general fund impact for each item. The net general fund impact is $18.1 million dollars. Total savings to members at proposed draw is $7.7 million.

			• Chair Zvanski stated that under no condition would the Committee consider subsidizing multi million dollar corporations. Commissioner Heldfond requested that the Mayor's budget report be attached to Jamie Austin's financial report, which will explain in detail the coordination of the balances listed in each report. Public Comments: • Nancy Gin, retiree, stated that she does not believe that there is a surplus and it is more important to preserve the safety of the trust fund. • John Madden stated that trust fund balances are the result of over charges of premiums paid by beneficiaries of the trust fund and returning this over charge to the beneficiaries is not an abuse of the trust fund but is equitable and is the right thing to do. • Kay Wong, retiree, suggested allocating a set amount of funds for the City's budget deficit in advance. • Claire Dunn, retiree, spoke about future reports by Towers Perrin regarding the impact of investments to the trust fund.
•	01252005-04	Discussion Item/With Possible Action	CCSF July 1, 2005 Renewals Update • The Committee received the *CCSF July 1, 2005 Renewals Update*, which is attached as Schedule #3: Table of Contents- What's Changed Since the Last Version (01/11/05) • List of changes are on Pages 3-4 of the renewal. Approved Plan Design Changes for 2004-2005 Plan Year HMO Rate Renewals HMO Benefit Design Changes HMO Rate Re-Alignment Health Net Seniority Plus Quote Blue Shield/Health Net Consolidation Quote

Plan 1 Rate Renewal

Prescription Drug Benefit Comparison

Dental Rate Renewal

Guaranteed Rates and Fees for 2005-2006 Plan Year

Plan 1 Topics for Discussion

Appendix

- The Committee also received the *CCSF Health Service System-Today's Rates and Benefits Checklist for January 25, 2005*. This is listed as Schedule #4.

Motion - HMO Office Visit Copayment

Commission Karen Breslin moved to keep the office co-pay the same.

Public comment: None

Action: Moved and seconded by the Committee to keep the office co-pay the same. Motion passed 5 to 0.

Kaiser Vision Carve-Out

Germaine White and Myrna Dillon

- Kaiser will not be able to carve out the vision care from the Medicare benefits because of the Senior Plus Care. Vision care is for the active membership only. Kaiser offered to increase their frame allowance to $200 instead of the $150 to $175 allowance, per Page 12 of the Towers Perrin Renewal Update for January 25, 2005. The Committee received a *Comparison of Kaiser and VSP Vision Costs and Optical Services Sample Claim Cost*. These documents are attached as Schedule #5.

Motion-Carve Out Kaiser Vision Plan

Public Comments: Claire Dunn expressed concern of Kaiser Vision service to dependants of retirees and actives.

Action: Moved and seconded by the Committee to accept Version Service Plan (VSP) proposal with 2 year guarantee and carve out the Kaiser Senior

			Advantage members from VSP. Motion passed 5 to 0. 10 Minute recess recommended by Chair Zvanski at 12:20 PM Meeting reconvened at 12:35 PM HMO Re-alignment: Deferred to next meeting • Health Net, Joanne Haggerty-more information regarding contract area agreement will be presented at the next Rates and Benefits Committee meeting. HMO Consolidation Blue Shield of California Don Barbel, Director of Major Accounts • Committee received a Power Point presentation of Blue Shield of California City and County of San Francisco HMO Partnership Model. This document is attached as Schedule #6 Health Net Joanne Haggerty and George Anderson • Committee received the CCSF Effective-July 1, 2005, Health Net of California, January 25, 2005, which is attached as Schedule #7. Motion-to Eliminate HMO Consolidation • Commissioner Heldfond moved to eliminate HMO consolidation from consideration for FY 2005-2006. Public comments: None Action: Moved and seconded by the Committee to eliminate the HMO consolidation for FY 2005-2006. Motion passed 5 to 0. Trust Fund Subsidy (Page 24 of the Towers Perrin Renewal Update): Deferred to next meeting. Public Comments: Herbert Winer, retiree, requested statements from HMO's regarding their procedures and cost expenditures.
•	01252005-	Discussion	Opportunity To Place Items On Future Agendas.

	05	Item	• Last Rates and Benefits Committee meeting will be held at 9:00 AM, on February 8, 2005, in Hearing Room 408. Public Comments: None
•	01252005-06 Adjourn: 2:03 PM	Discussion Item	Opportunity For The Public To Comment On Any Matters Within The Committee's Jurisdiction. Public Comments: None

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HEALTH SERVICE BOARD
RATES AND BENEFITS COMMITTEE

NOTICE AND AGENDA

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Tuesday, February 8, 2005
9:00 AM
City Hall, Room 408
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

❑	Call to Order		
❑	Roll Call		02-03-05P04:02 RCVD Commissioner Zvanski, Chair Commissioner Breslin Commissioner Deignan Commissioner Heldfond Commissioner Van Runkle
❑	02082005-01	Action Item	**Approval (with possible modifications) of the minutes of the following meeting:** • *Rates and Benefits Meeting of January 25, 2005* Staff Recommendation: Approve draft minutes Documents provided to Committee prior to meeting: *Draft Minutes of Rates and Benefits Meeting.* Public Comments: Action:
❑	02082005-02	Discussion Item	**Mayor's City Budget Update for FY 2005-2006.** Documents provided to the Committee prior to meeting. None Public Comments:
❑	02082005-03	Action Item	**Dental Plan Rates and Benefits Renewals for Plan Year 2005-2006.** Documents will be provided to Committee prior to meeting. Public Comments: Action:
❑	02082005-04	Action Item	**CCSF July 1, 2005 Renewals Update.** - HMOs - City Health Plan - Vision Service Plan (VSP) Documents will be provided to the Committee prior to meeting. Public Comments: Action:
❑	02082005-05	Discussion Item	**Opportunity To Place Items On Future Agendas.** Public Comments:
❑	02082005-06	Discussion Item	**Opportunity For The Public To Comment On Any Matters Within The Committee's Jurisdiction.**

	Adjourn		Public Comments:

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City & County of San Francisco

Health Service System

February 8, 2005

Health Service Board
Rates and Benefits Committee

Draft Minutes

Tuesday, February 8, 2005

9:00 AM

City Hall, Room 408
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

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Call to Order		
Roll Call	Commissioner Zvanski, Chair Commissioner Breslin Commissioner Deignan Commissioner Heldfond Commissioner Van Runkle	
02082005-01	Action Item	Approval (with possible modifications) of the minutes of the following meeting: • The Committee received the draft minutes of the Rates and Benefits Meeting of January 25, 2005. Staff Recommendation: Approve draft minutes Public Comments: None Action: Moved and seconded by the committee to approve the minutes. Motion passed 5 to 0.
02082005-02	Discussion Item	Mayor's City Budget Update for FY 2005-2006. • Chair Zvanski stated that no changes have been made in the City's budget report since the last meeting, therefore there isn't a report for this item. Public Comments: None.
02082005-03	Action Item	Dental Plan Rates and Benefits Renewals for Plan Year 2005-2006.

		• The Rates and Benefits Committee received from Towers Perrin the CCSF July 1, 2005 Renewals Update for February 8, 2005. This report is attached as **Schedule No. 1**. • Rhett Davis reported that Delta Dental recently agreed to renew the retiree's current plan for 1 year with an effective date of July 1, 2005. This current rate plan is listed on Page 30 of the Towers and Perrin's July 1, 2005 Renewals for February 8, 2005. Public Comments: None Action: Motion was moved and seconded by the Committee to accept the current 2004-2005 Delta Dental Plan for retirees for the Delta Dental Plan Rates and Benefits Renewals for 2005-2006. Motion passed 5 to 0. **Pacific Union Dental Rate Renewal for Plan Year 2005-2006** • Chair Zvanski and the Committee noted that the current 2004-2005 Pacific Union Dental (DHMO) matches the new DHMO 2005-2006 plan for retirees. The rates are listed on Page 33 of the Renewal Report. Public Comments: None Action: Motion was moved and seconded by the Committee to accept the current 2004-2005 Pacific Union Dental rates for retirees for the Dental Plan Rates and Benefits Renewals for Plan Year 2005-2006, for 1 year and with a 0 percent increase. Motion passed 5 to 0.
02082005-04	Action Item	**CCSF July 1, 2005 Renewals Update.** • The Committee received a Rates and Benefits Checklist for February 8, 2005 from Towers Perrin. This checklist is attached as **Schedule No. 2** and discussions proceeded per the following listed items: HMOs Rate Realignment **(Pages 15-17 of the Renewal Report)** • Commissioner Karen Breslin stated that the HMO rate realignment does not help anyone and will not vote for it. Commissioner Aleeta Van Runkle and President Heldfond stated that they would recommend a three phase in of the HMO realignment.

Motion

- Commissioner Breslin recommended removing the HMO realignment from the checklist.

Public comments: Diane Hermann agreed that the realignment issue should be removed from the table.

Action: It was moved and seconded by the Committee to remove the realignment issue from the checklist. Motion passed 5 to 0.

Health Net Seniority Plus (Page 18 of Towers Perrin Report)

- Joanne Haggerty stated that currently 72% of CCSF membership with Health Net and the COB population fall into the Seniority Plus service area. Health Net's deadline for a CMS contract is by February 27, 2005 in order to file March 1st CMS deadline in order to add to Health Net's service area in order to have a July 1, 2005 effective date. Ms. Haggerty stated that she can't release any more information regarding expansion of the service area because negotiations are currently on-going with the vendors. The rates for the current Seniority Plus Offer are fixed and will not have any effect on the expansion of the service area or the current Seniority Plus Offer.

Motion

- The Committee agreed to vote on the Seniority Plus Offer to that the service area will remain available to members.

.

Public Comments: None

Action: Motion was moved and seconded by the Committee to accept the Seniority Plus Offer. Motion passed 5 to 0.

Trust Fund Subsidies

- Renewal Report review of the trust fund subsidy by Mike Kramer

- Structure of the trust fund- Page 21

- Plan l Trust Fund Subsidy-Page 22

- HMO subsidy amounts- Pages 12-14

Subsidy amount split discussions

- Commissioner Deignan stated that he would not be interested in subsidizing $21 million dollars.

- President Heldfond and Commissioner Aleeta Van Runkle agreed on subsidizing $18 million. Commissioner Van Runkle said that she would not consider less than 18 million.

- Commissioner Zvanski said that she will consider a $12 million dollar subsidy- 9 and 3 split.

- Commissioner Breslin expressed concern of what happens to the Trust after the spend down (Page 21 of the Renewal). She will not consider anything above a 3-year spend down and reminded the Board that the money belongs to the people.

- President Scott Heldfond requested clarification of the 13.8 gap dollars after the 3-year spend down on Page 21 of the Renewal Report and the spend-down amount listed on the HSS fund balance graph from the Mayor's Office of 24.1 million. William Bass, Mayor's Budget Office, apologized for not having ready statistics to explain the graph however, he proceeded to clarify the spend down of the GAP dollars over a period of years and how it is expected to level down and become stabilized. He stated that the amount that the Mayor's Budget Office is proposing is 20 million dollars with a reinvestment of the GAP dollars this year.

- Commissioner stated that it is important to keep Plan 1 affordable to all members.

Public Comments:

- Diane Hermann expressed concern about giving back gap dollars, encouraged the Board to stay conservative and decisions should be based on past experience.

- Claire Dunn recommended the importance of listening to the actuaries (Towers Perrin) and try to keep Plan 1 affordable.

- Bernard Crotty, President of the Retirees Association, expressed concern over the disparity of the Board caused by members that do not want to compromise.

- Herbert Winer expressed the solvency of Plan 1 and recommended the Board consider a 10 million dollar split.

- Jim Elliott recommended eliminating co-pays and that Proposition 13 is the basis of all of the financial problems of the City and the system.

- John Madden recommend giving back 18 million-large surplus amounts came from the members and should be returned to the members.

- Gerri Miser is for the 12 million dollar split and no more than 15 million dollars.

- Henny Kelly recommended compromising at 15 million dollars.

- Kay Wong cannot support anything lower than 18 million dollars and recommend the Board to listen to their actuaries.

- Jerry Devine supports a five year plan which would cut down the gap dollars.

Discussion

- Commissioner Karen Breslin stated that she would consider 14 million dollars with a 3 year spend down. Scenarios (P1-12), (B-9), (H-9), (K-9)

- President Heldfond reminded the Commissioners that the spend-down amounts of the trust fund given by Towers Perrin in their renewal report is an illustration, not a recommendation. He stated that the 18million dollar recommendation is a compromise.

- Commissioner Aleeta Van Runkle agreed at stated that she will not go over the 18 million dollar proposal.

- Commissioner Zvanski for a 14 million dollar recommendation

- Commissioner Deignan -swing vote-

			recommended moving forward to the Full Board- Recommendation to the Full Board • Commissioner Karen changed her recommendation to 11.3 split Scenarios (P1-13), (B-7) (H-7) (K-7) • 14.4 split, Scenarios (P1-16), (B-9), (H-9), (K-9) Motion Motion was moved and seconded to forward the 14.4 split to the Full Board. Public comment: None Action: Moved and seconded by the Committee to forward the 14.4 split recommendation to the Full Board. Motion passed 3 to 2. Motion Recommendation to move forward 11 million with a 3 spit to the Full Board Public comment: None Action: Moved and seconded by the Committee to forward the 11 million with a 3 split to the Full Board. Motion passed 4 to 1.
	02082005-05	Discussion Item	Opportunity To Place Items On Future Agendas. None Public Comments: None
	02082005-06 Adjourn	Discussion Item	Opportunity For The Public To Comment On Any Matters Within The Committee's Jurisdiction. Public Comments: Bill Adams special request to have dental coverage for implants. Chair Zvanski stated that this is not covered by dental insurance and he must present this issue to HSS and request an appeal hearing.

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City & County of San Francisco

HEALTH SERVICE BOARD

1145 Market Street • Suite 200 • San Francisco, CA 94103

RATES & BENEFITS COMMITTEE

NOTICE AND AGENDA

Special Meeting

Tuesday, October 25, 2005
1:00 PM

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, California 94103

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- ☐ **CALL TO ORDER**
- ☐ **PLEDGE OF ALLEGIANCE**
- ☐ **ROLL CALL**

Committee Chair Karen Breslin
Committee Member Scott Heldfond
Committee Member James Deignan
Committee Member, Sup. Sean Elsbernd
Committee Member Sharon Johnson
Committee Member Mitch Katz, M.D.
Committee Member Claire Zvanski

INTRODUCTION

☐ **10252005RB-01** DISCUSSION ITEM

OVERVIEW OF SCHEDULE, PROCESS AND STRATEGIC GOALS FOR THIS YEAR'S RATES & BENEFITS CYCLE
(Karen Breslin)

Documents provided to Committee prior to meeting: None.

PUBLIC COMMENTS:

☐	10252005RB-02	DISCUSSION ITEM	**PREVIEW OF 10-COUNTY SURVEY RESULTS FOR FISCAL YEAR 2006-2007** (Jeffrey Hildebrant) *Documents provided to Committee prior to meeting: None.* PUBLIC COMMENTS:

OVERVIEW OF MEDICAL PLANS FOR FISCAL YEAR 2006-2007

☐	10252005RB-03	DISCUSSION ITEM	**PRESENTATIONS BY HMOS OF PROPOSED RATE INCREASES FOR FISCAL YEAR 2006-2007** (Plan Representatives): • Blue Shield • Health Net • Kaiser *Documents provided to Committee prior to meeting: (a) Presentation overview prepared by Blue Shield; (b) Presentation overview prepared by Health Net; and (c) Presentation overview prepared by Kaiser.* PUBLIC COMMENTS:
☐	10252005RB-04	DISCUSSION ITEM	**PRESENTATIONS BY TOWERS PERRIN OF PRELIMINARY RATE INCREASE EXPECTED FOR CITY HEALTH PLAN FOR FISCAL YEAR 2006-2007** (Towers Perrin) *Documents provided to Committee prior to meeting: Presentation overview prepared by Towers Perrin.* PUBLIC COMMENTS:
☐	10252005RB-05	DISCUSSION ITEM	**PRELIMINARY OVERVIEW BY TOWERS PERRIN OF IMPACT OF THE PROPOSED MEDICAL PLAN RATE INCREASES ON EMPLOYER AND EMPLOYEE CONTRIBUTIONS** (Towers Perrin) *Documents provided to Committee prior to meeting: (a) Preliminary overview of employer and employee contributions for Blue Shield members; (b) Preliminary overview of employer and employee contributions for Health Net members; (c) Preliminary overview of employer and employee contributions for Kaiser members; and (d) Preliminary overview of employer and employee contributions for City Health Plan.* PUBLIC COMMENTS:

OVERVIEW OF DENTAL PLANS FOR FISCAL YEAR 2006-2007

☐ 10252005RB-06	DISCUSSION ITEM	**PRESENTATIONS BY DENTAL PLANS OF PROPOSED RATE INCREASES FOR FISCAL YEAR 2006-2007** (Plan Representatives): • Delta Dental (Administrative Services Only for Actives, Fully Insured Indemnity for Retirees) • Delta PMI (Fully Insured Managed Care) • Pacific Union (Fully Insured Managed Care) *Documents provided to Committee prior to meeting:* *(a) Presentation overview prepared by Delta Dental;* *(b) Presentation overview prepared by Delta PMI; and* *(c) Presentation overview prepared by Pacific Union.* PUBLIC COMMENTS:
☐ 10252005RB-07	DISCUSSION ITEM	**PRESENTATIONS BY TOWERS PERRIN OF PRELIMINARY RATE INCREASE EXPECTED FOR DELTA DENTAL ACTIVE EMPLOYEE PLAN FOR FISCAL YEAR 2006-2007** (Towers Perrin) *Documents provided to Committee prior to meeting: Presentation overview prepared by Towers Perrin.* PUBLIC COMMENTS:
☐ 10252005RB-08	DISCUSSION ITEM	**PRELIMINARY OVERVIEW BY TOWERS PERRIN OF IMPACT OF THE PROPOSED DENTAL PLAN RATE INCREASES ON RETIREE CONTRIBUTIONS** (Towers Perrin) *Documents provided to Committee prior to meeting:* *(a) preliminary overview of employer and employee contributions for Delta Dental members; (b) preliminary overview of employer and employee contributions for Delta PMI members; and* *(c) preliminary overview of employer and employee contributions for Pacific Union members.* PUBLIC COMMENTS:

CONCLUSION

☐ 10252005RB-09	DISCUSSION ITEM	**OVERVIEW OF PLANS FOR NEXT RATES AND BENEFITS COMMITTEE MEETING** (Karen Breslin) PUBLIC COMMENTS:

☐	10252005RB-10	Discussion Item	**Opportunity to Place Items on Future Agendas.** Public Comments:
☐	10252005RB-11	Discussion Item	**Opportunity for the Public to Comment on Any Matters within the Board's Jurisdiction.** Public Comments:

☐ Adjourn

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City & County of San Francisco
Health Service System

October 25, 2005

Rates & Benefits Committee

Minutes

Special Meeting

Tuesday, October 25, 2005
1:00 PM

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco , California 94103

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☐ Call to Order

☐ Pledge of Allegiance

☐ Roll Call

Committee Chair Karen Breslin
Committee Member Scott Heldfond
Committee Member James Deignan
Committee Member, Sup. Sean Elsbernd, *Excused*
Committee Member Sharon Johnson, *Excused*
Committee Member Mitch Katz, M.D.
Committee Member Claire Zvanski

Introduction

☐ 10252005RB-01 Discussion Item **Overview of Schedule, Process and Strategic Goals for This Year's Rates & Benefits Cycle** (Karen Breslin)

- This is the first meeting of the Rates and Benefits Committee to determine through process and strategic goals the benefit rates from July 1, 2006 to June 30, 2007. The following persons participated in meetings and discussions held three weeks ago regarding the schedule, process and strategic goals for this years rate and benefits cycles: Chair Karen Breslin, Commissioner Claire Zvanski, Towers Perrin representative, Jeffrey Hildebrant, and Bart Duncan, HSS Director. Bart Duncan presented an overview regarding the process, goals reached through strategic planning for the fiscal year. The remaining scheduled dates for the Rates & Benefits Committee meetings are:

1. Tuesday, November 22, 2005
2. Tuesday, December 20, 2005
3. Monday, January 9, 2006
4. Thursday, January 12, 2006 (Regular HSB Meeting)

PUBLIC COMMENTS: None

☐	10252005RB-02	DISCUSSION ITEM	**PREVIEW OF 10-COUNTY SURVEY RESULTS FOR FISCAL YEAR 2006-2007** (Jeffrey Hildebrant)

- There are no changes in the result of the 10-County Survey. The amounts are the same as in previous years. Survey deadline was last Friday and survey amounts have been received from all counties except Orange, Alameda and Fresno. An update report on the total survey amount will be given at the next HSB meeting.

PUBLIC COMMENTS: None

OVERVIEW OF MEDICAL PLANS FOR FISCAL YEAR 2006-2007

☐	10252005RB-03	DISCUSSION ITEM	**PRESENTATIONS BY HMOS OF PROPOSED RATE INCREASES FOR FISCAL YEAR 2006-2007** (Plan Representatives):

Blue Shield (Linda Patron)

- The Board received the *City and County of San Francisco Health Service System HMO Renewal for July 1, 2006* (**Schedule #1**). The overview presentation consisted of information regarding the renewal summary (membership has grown significantly since July 2001), the active and early retiree renewal, and the over 65 retirees' renewal.

Health Net (Marshon Thorsen)

- The Board received the *City and County of San Francisco Renewal Presentation*, dated October 25, 2005 (**Schedule #2**). This report consisted of the following overview:
  1. CCSF July 1, 2005 and July 1, 2006 Renewal-Historical HMO Medical Loss Ratio
  2. CCSF 2006-2007 Renewal-Demographic (Age/sex factor)
  3. CCSF 2006-07 Renewal-Large Claim Comparison
  4. CCSF Membership
  5. Medicare Advantage Expansion

Kaiser Permanente (Joanne Haggerty)

- The Board received *City and County of San Francisco Renewal for July 1, 2006* (**Schedule #3**). This overview consisted of the following subjects:
  1. Current Benefits

2. Pharmacy Usage/Generic/Brand
3. Average Age Comparison – Actives and Retirees on-Medicare

PUBLIC COMMENTS: None

☐ **10252005RB-04** DISCUSSION ITEM

PRESENTATIONS BY TOWERS PERRIN OF PRELIMINARY RATE INCREASE EXPECTED FOR CITY HEALTH PLAN FOR FISCAL YEAR 2006-2007 (Michael Hilton)

- The Board received *the City and County of San Francisco July 1, 2006 Medical Renewals Update* (**Schedule #4**). This report consisted of an overview of the subjects:
  1. HMO Rate Renewals
  2. Plan 1 Rate Renewal
  3. Guaranteed Rates and Fees for 2006-2007 Plan Year

PUBLIC COMMENTS: None

☐ **10252005RB-05** DISCUSSION ITEM

PRELIMINARY OVERVIEW BY TOWERS PERRIN OF IMPACT OF THE PROPOSED MEDICAL PLAN RATE INCREASES ON EMPLOYER AND EMPLOYEE CONTRIBUTIONS (Michael Hilton)

- *Documents provided to Committee prior to meeting: (a) Preliminary overview of employer and employee contributions for Blue Shield members; (b) Preliminary overview of employer and employee contributions for Health Net members; (c) Preliminary overview of employer and employee contributions for Kaiser members; and (d) Preliminary overview of employer and employee contributions for City Health Plan.* This information can be found in the report presented in Schedule #4.

PUBLIC COMMENTS: None

OVERVIEW OF DENTAL PLANS FOR FISCAL YEAR 2006-2007			
☐	10252005RB-06	DISCUSSION ITEM	**PRESENTATIONS BY DENTAL PLANS OF PROPOSED RATE INCREASES FOR FISCAL YEAR 2006-2007** (Mike Thelen): • Delta Dental (Administrative Services Only for Actives, Fully Insured Indemnity for Retirees) and Delta PMI (Fully Insured Managed Care) (**Schedule #6**). A brief overview was given on the following subjects: 1. Renewal recommendations for actives (Group #9502) Delta PPO and retiree's (Group #1673) Delta PPO 2. PMI/Delta Care renewal recommendations for actives (Group # 1797-0001 and 0003 and retirees (Group #1797-0003) • Pacific Union (Fully Insured Managed Care)-no report. PUBLIC COMMENTS: Diane Hermann expressed concern regarding the reasons for the increase of dental plan rates over medical rates.
☐	10252005RB-07	DISCUSSION ITEM	**PRESENTATIONS BY TOWERS PERRIN OF PRELIMINARY RATE INCREASE EXPECTED FOR DELTA DENTAL ACTIVE EMPLOYEE PLAN FOR FISCAL YEAR 2006-2007** (Mike Kramer) • Board received from Towers Perrin the *July 1, 2006 Dental Renewals Update* (**Schedule #7**). The overview presentation included the following subjects: 1. Delta Dental-Self Insured DPO Plan for Actives and Insured DPO Plan for Retirees. 2. Delta Dental Insured PMI Plan for Actives and for Retirees. 3. Pacific Union Insured Plans for Actives and for Retirees. PUBLIC COMMENTS: None
☐	10252005RB-08	DISCUSSION ITEM	**PRELIMINARY OVERVIEW BY TOWERS PERRIN OF IMPACT OF THE PROPOSED DENTAL PLAN RATE INCREASES ON RETIREE CONTRIBUTIONS** (Mike Kramer) • *Documents provided to Committee prior to meeting: (a) preliminary overview of employer and employee contributions for Delta Dental members; (b) preliminary overview of employer and employee contributions for Delta PMI members; and (c) preliminary overview of employer and employee contributions for Pacific Union members* Information can be found in Towers Perrin's Dental Renewal report in Schedule #7. PUBLIC COMMENTS: None

			Conclusion
☐	10252005RB-09	Discussion Item	**Overview of Plans for Next Rates and Benefits Committee Meeting** (Karen Breslin) • Next Rates and Benefits Committee meeting will be on November 22, 2005. Discussions will be regarding dental and vision plans. Chair Breslin requested that all information or questions should be referred to Bart Duncan and materials needed for committee review should be turned in prior to the meetings. Public Comments: None
☐	10252005RB-10	Discussion Item	**Opportunity to Place Items on Future Agendas.** Public Comments: None
☐	10252005RB-11	Discussion Item	**Opportunity for the Public to Comment on Any Matters within the Board's Jurisdiction.** Public Comments: None
☐	Adjourn 2:05 PM		

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Draft of 11/17/2005

City & County of San Francisco
HEALTH SERVICE BOARD
1145 Market Street • Suite 200 • San Francisco, CA 94103

RATES & BENEFITS COMMITTEE

NOTICE AND AGENDA

Special Meeting

Tuesday, November 22, 2005
1:00 PM

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, California 94103

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- CALL TO ORDER
- ROLL CALL — Committee Chair Karen Breslin
  Committee Member Scott Heldfond
  Committee Member James Deignan
  Committee Member, Sup. Sean Elsbernd
  Committee Member Sharon Johnson
  Committee Member Mitch Katz, M.D.
  Committee Member Claire Zvanski
- 11222005RB-01 ACTION ITEM — APPROVAL (WITH POSSIBLE MODIFICATIONS) OF THE MINUTES OF THE FOLLOWING MEETING:
  - October 25, 2005

  STAFF RECOMMENDATION: Approve Minutes.

  Documents provided to Committee prior to meeting: Draft minutes.

  PUBLIC COMMENTS:

  ACTION:

☐ 11222005RB-02	DISCUSSION ITEM	**OVERVIEW OF SCHEDULE AND PROGRESS FOR THIS YEAR'S RATES & BENEFITS CYCLE** (Karen Breslin) *Documents provided to Committee prior to meeting: Schedule of Rates and Benefits Committee Meetings.* PUBLIC COMMENTS:
☐ 11222005RB-03	ACTION ITEM	**DETERMINATION OF VISION CARE RATES AND BENEFITS FOR PLAN YEAR 2006-2007, SUBJECT TO FINAL APPROVAL BY HEALTH SERVICE BOARD** (Bart Duncan) STAFF RECOMMENDATIONS: 1. Make no changes to plan design. 2. Provide all vision care through VSP with extended rate guarantee through June 30, 2007. *Documents provided to Committee prior to meeting: Report prepared by Towers Perrin.* PUBLIC COMMENTS: ACTION:
☐ 11222005RB-04	ACTION ITEM	**DETERMINATION OF DENTAL RATES AND BENEFITS FOR ACTIVE EMPLOYEES FOR PLAN YEAR 2006-2007, SUBJECT TO FINAL APPROVAL BY HEALTH SERVICE BOARD** (Bart Duncan) STAFF RECOMMENDATIONS: 3. Make no changes to plan designs. 4. Delta: [One-year renewal with no increase in administration fee]. 5. PMI: Two-year renewal with [4% increase. 6. Pacific Union: Two-year renewal with [7% rate increase. *Documents provided to Committee prior to meeting: Report prepared by Towers Perrin.* PUBLIC COMMENTS: ACTION:

☐ **11222005RB-05**	ACTION ITEM	**DETERMINATION OF DENTAL RATES AND BENEFITS FOR RETIRED EMPLOYEES FOR PLAN YEAR 2006-2007, SUBJECT TO FINAL APPROVAL BY HEALTH SERVICE BOARD** (Bart Duncan) STAFF RECOMMENDATIONS: 1. Make no changes to plan designs. 2. Delta: Two-year renewal with [8.8%] increase 3. PMI: Two-year renewal with [4%] increase. 4. Pacific Union: Two-year renewal with [7%] rate increase. *Documents provided to Committee prior to meeting: Report prepared by Towers Perrin.* PUBLIC COMMENTS: ACTION:
☐ **11222005RB-06**	DISCUSSION ITEM	**DISCUSSION OF HSS TRUST FUND SUBSIDY OPTIONS FOR PLAN YEAR 2006-2007** (Bart Duncan) *Documents provided to Committee prior to meeting: Report prepared by Towers Perrin.* PUBLIC COMMENTS:
☐ **11222005RB-07**	DISCUSSION ITEM	**OVERVIEW OF PLANS FOR NEXT RATES AND BENEFITS COMMITTEE MEETING** (Karen Breslin) PUBLIC COMMENTS:
☐ **11222005RB-08**	DISCUSSION ITEM	**OPPORTUNITY TO PLACE ITEMS ON FUTURE AGENDAS.** PUBLIC COMMENTS:
☐ **11222005RB-09**	DISCUSSION ITEM	**OPPORTUNITY FOR THE PUBLIC TO COMMENT ON ANY MATTERS WITHIN THE BOARD'S JURISDICTION.** PUBLIC COMMENTS:

☐ ADJOURN

SUMMARY OF HEALTH SERVICE SYSTEM RULES REGARDING PUBLIC COMMENT

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DISABILITY ACCESS

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City & County of San Francisco

HEALTH SERVICE BOARD

1145 Market Street • Suite 200 • San Francisco, CA 94103

RATES & BENEFITS COMMITTEE

NOTICE AND AGENDA

Special Meeting

Tuesday, November 22, 2005
1:00 PM

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, California 94103

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- CALL TO ORDER
- ROLL CALL
  Committee Chair Karen Breslin
  Committee Member Scott Heldfond
  Committee Member James Deignan
  Committee Member, Sup. Sean Elsbernd
  Committee Member Sharon Johnson
  Committee Member Mitch Katz, M.D.
  Committee Member Claire Zvanski
- 11222005RB-01 ACTION ITEM APPROVAL (WITH POSSIBLE MODIFICATIONS) OF THE MINUTES OF THE FOLLOWING MEETING:
  - October 25, 2005

  STAFF RECOMMENDATION: Approve Minutes.

  Documents provided to Committee prior to meeting: Draft minutes.

  PUBLIC COMMENTS:

  ACTION:

☐ 11222005RB-02	DISCUSSION ITEM	**OVERVIEW OF SCHEDULE AND PROGRESS FOR THIS YEAR'S RATES & BENEFITS CYCLE** (Karen Breslin) *Documents provided to Committee prior to meeting: Schedule of Rates and Benefits Committee Meetings.* PUBLIC COMMENTS:
☐ 11222005RB-03	ACTION ITEM	**DETERMINATION OF VISION CARE RATES AND BENEFITS FOR PLAN YEAR 2006-2007, SUBJECT TO FINAL APPROVAL BY HEALTH SERVICE BOARD** (Bart Duncan) STAFF RECOMMENDATIONS: 1. Make no changes to plan design. 2. Provide all vision care through VSP with extended rate guarantee through June 30, 2007. *Documents provided to Committee prior to meeting: Report prepared by Towers Perrin.* PUBLIC COMMENTS: ACTION:
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11222005RB-07	DISCUSSION ITEM	**OVERVIEW OF PLANS FOR NEXT RATES AND BENEFITS COMMITTEE MEETING** (Karen Breslin) PUBLIC COMMENTS:
11222005RB-08	DISCUSSION ITEM	**OPPORTUNITY TO PLACE ITEMS ON FUTURE AGENDAS.** PUBLIC COMMENTS:
11222005RB-09	DISCUSSION ITEM	**OPPORTUNITY FOR THE PUBLIC TO COMMENT ON ANY MATTERS WITHIN THE BOARD'S JURISDICTION.** PUBLIC COMMENTS:

ADJOURN

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City & County of San Francisco

HEALTH SERVICE BOARD

1145 Market Street • Suite 200 • San Francisco, CA 94103

RATES & BENEFITS COMMITTEE

NOTICE AND AGENDA

Special Meeting

Tuesday, November 22, 2005
1:00 PM

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, California 94103

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- CALL TO ORDER

- ROLL CALL
  Committee Chair Karen Breslin
  Committee Member Scott Heldfond
  Committee Member James Deignan
  Committee Member, Sup. Sean Elsbernd
  Committee Member Sharon Johnson
  Committee Member Mitch Katz, M.D.
  Committee Member Claire Zvanski

- 11222005RB-01 ACTION ITEM **APPROVAL (WITH POSSIBLE MODIFICATIONS) OF THE MINUTES OF THE FOLLOWING MEETING:**
  - October 25, 2005

  STAFF RECOMMENDATION: Approve Minutes.

  Documents provided to Committee prior to meeting: Draft minutes.

  PUBLIC COMMENTS:

  ACTION:

☐ 11222005RB-02	DISCUSSION ITEM	**OVERVIEW OF SCHEDULE AND PROGRESS FOR THIS YEAR'S RATES & BENEFITS CYCLE** (Karen Breslin) *Documents provided to Committee prior to meeting: Schedule of Rates and Benefits Committee Meetings.* PUBLIC COMMENTS:
☐ 11222005RB-03	ACTION ITEM	**DETERMINATION OF VISION CARE RATES AND BENEFITS FOR PLAN YEAR 2006-2007, SUBJECT TO FINAL APPROVAL BY HEALTH SERVICE BOARD** (Bart Duncan) STAFF RECOMMENDATIONS: 1. Make no changes to plan design. 2. Provide all vision care through VSP with extended rate guarantee through June 30, 2007. *Documents provided to Committee prior to meeting: Report prepared by Towers Perrin.* PUBLIC COMMENTS: ACTION:
☐ 11222005RB-04	ACTION ITEM	**DETERMINATION OF DENTAL RATES AND BENEFITS FOR ACTIVE EMPLOYEES FOR PLAN YEAR 2006-2007, SUBJECT TO FINAL APPROVAL BY HEALTH SERVICE BOARD** (Bart Duncan) STAFF RECOMMENDATIONS: 1. Make no changes to plan designs. 2. Delta: One-year renewal with no increase in administration fee (unless Delta substantially improves prior 2 year proposal of 3%). 3. PMI: Two-year renewal with 3.5% increase. 4. Pacific Union: Two-year renewal with 2% rate increase. *Documents provided to Committee prior to meeting: Report prepared by Towers Perrin.* PUBLIC COMMENTS: ACTION:

11222005RB-05	ACTION ITEM	**DETERMINATION OF DENTAL RATES AND BENEFITS FOR RETIRED EMPLOYEES FOR PLAN YEAR 2006-2007, SUBJECT TO FINAL APPROVAL BY HEALTH SERVICE BOARD** (Bart Duncan) STAFF RECOMMENDATIONS: 1. Make no changes to plan designs. 2. Delta: Two-year renewal with 8.8% increase 3. PMI: Two-year renewal with 3.5% increase. 4. Pacific Union: Two-year renewal with 2% rate increase. *Documents provided to Committee prior to meeting: Report prepared by Towers Perrin.* PUBLIC COMMENTS: ACTION:
11222005RB-06	DISCUSSION ITEM	**DISCUSSION OF HSS TRUST FUND SUBSIDY OPTIONS FOR PLAN YEAR 2006-2007** (Bart Duncan) *Documents provided to Committee prior to meeting: Report prepared by Towers Perrin.* PUBLIC COMMENTS:
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ADJOURN

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City & County of San Francisco
Health Service System

November 22, 2005

RATES & BENEFITS COMMITTEE

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MINUTES

Special Meeting

Tuesday, November 22, 2005
1:00 PM

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco , California 94103

☐ CALL TO ORDER

☐ ROLL CALL

Committee Chair Karen Breslin
Committee Member Scott Heldfond
Committee Member James Deignan
Committee Member, Sup. Sean Elsbernd, *Excused*
Committee Member Sharon Johnson
Committee Member Mitch Katz, M.D., *Excused*
Committee Member Claire Zvanski

☐ 11222005RB-01 ACTION ITEM

APPROVAL (WITH POSSIBLE MODIFICATIONS) OF THE MINUTES OF THE FOLLOWING MEETING:

- October 25, 2005

STAFF RECOMMENDATION: Approve Minutes.

Documents provided to Committee prior to meeting: Draft minutes.

PUBLIC COMMENTS: None

ACTION: Motion was moved and seconded by the committee to approve the minutes of October 25, 2005. Motion passed 5 to 0.

☐ 11222005RB-02 DISCUSSION ITEM

OVERVIEW OF SCHEDULE AND PROGRESS FOR THIS YEAR'S RATES & BENEFITS CYCLE (Karen Breslin)

- *Documents provided to Committee prior to meeting: Schedule of Rates and Benefits Committee Meetings* **(Schedule #1).** Commissioner Breslin, Chair of the Rates and Benefits Committee presented the overview and progress of this

year's rates and benefits cycle as well as strategic goals. The first meeting was held Tuesday, October 25, 2005 and the next meeting will be on Tuesday, November 22, 2005.

PUBLIC COMMENTS: None

☐ 11222005RB-03 ACTION ITEM

DETERMINATION OF VISION CARE RATES AND BENEFITS FOR PLAN YEAR 2006-2007, SUBJECT TO FINAL APPROVAL BY HEALTH SERVICE BOARD (Bart Duncan)

STAFF RECOMMENDATIONS:

1. Make no changes to plan design.
2. Provide all vision care through VSP with extended rate guarantee through June 30, 2007.

- A document was presented to the Committee prior to meeting: Vision Rates and Benefits (**Schedule #2**). This Towers Perrin report was presented by Mike Kramer.
- Janet Findlay, VSP Regional Vice President, clarified coverage costs of single vision lens, bifocal, trifocals and frames.

PUBLIC COMMENTS: Claire Dunn of Retirees and Teachers Association stated that she received two complaints regarding the VSP benefit: (1) members do not have a list of VSP providers and (2) members get a constant busy signal when they dial the 800 number for Sacramento. Ms. Findlay stated that Sprint had (mistakenly) assigned the VSP 800 number to another company last July and this lasted for approximately 4 hours before it was fixed. This error caused members to get the busy signal when they tried to call Sacramento. Ms. Findlay also stated that VSP representatives attended all of the open enrollment meetings and members may reach the panelist call center through the VSP network (www.VSP.com)

ACTION: Motion was moved and seconded by the Committee to approve the staff recommendations for vision rates and benefits for plan year 2006-07. Motion passed 5 to 0.

☐ 11222005RB-04 ACTION ITEM

DETERMINATION OF DENTAL RATES AND BENEFITS FOR ACTIVE EMPLOYEES FOR PLAN YEAR 2006-2007, SUBJECT TO FINAL APPROVAL BY HEALTH SERVICE BOARD (Bart Duncan)

STAFF RECOMMENDATIONS:

1. Make no changes to plan designs.
2. Delta: One-year renewal with no increase in administration fee (unless Delta substantially improves prior 2 year rate proposal of 3%).
3. PMI: Two-year renewal with 3.5% increase.
4. Pacific Union : Two-year renewal with 2% rate increase.

- *Documents provided to Committee prior to meeting: Report prepared by Towers Perrin: July 1, 2006 Dental Renewal Update* **(Schedule #3)**. Detailed overview of this report was given by Mike Kramer.
- ▪ Noelle Simmons, Mayor's Budget Director, stated that she is very impressed with the efficiency plan for

HSS, which was submitted to the Budget Office by Bart Duncan and came to commend the Committee for their work and offer any assistance from the Budget Office to the Committee.

- ▪ Bart Duncan stated that the 10-County report is not complete and Jeffrey Hildebrant is waiting to hear from Alameda County and Contra Costa County.

PUBLIC COMMENTS: None

ACTION: Motion was moved and seconded by the Committee to approve the staff recommendations for dental rates and benefits for the active employees for plan year 2006-2007. Motion passed 5 to 0.

☐ 11222005RB-05 ACTION ITEM

DETERMINATION OF DENTAL RATES AND BENEFITS FOR RETIRED EMPLOYEES FOR PLAN YEAR 2006-2007, SUBJECT TO FINAL APPROVAL BY HEALTH SERVICE BOARD (Bart Duncan)

STAFF RECOMMENDATIONS:

1. Make no changes to plan designs.
2. Delta: Two-year renewal with 8.8% increase
3. PMI: Two-year renewal with 3.5% increase.
4. Pacific Union : Two-year renewal with 2% rate increase.

- Documents provided to Committee prior to meeting: report *prepared by Towers Perrin* (see Schedule #3, pages 6-8). Overview of this report was presented by Mike Kramer. He confirmed and apologized for the error discovered on page 10 of this report by Commissioner Breslin. Contrary to the report, Delta Premier does not offer the orthodontia benefit to retirees.

PUBLIC COMMENTS: Diane Hermann expressed concern for the big increase of the dental rates for the next 2 years and that retirees should be better informed of the necessity of getting dental care before they retire.

ACTION: Motion was moved and seconded by the Committee to approve the staff recommendations for dental rates and benefits for the retired employees for plan year 2006-2007. Motion passed 5 to 0.

☐ 11222005RB-06 DISCUSSION ITEM

DISCUSSION OF HSS TRUST FUND SUBSIDY OPTIONS FOR PLAN YEAR 2006-2007 (Bart Duncan)

- *Documents provided to Committee prior to meeting: Memorandum from Bart Duncan to the Rates and Benefits Committee Members, dated November 18, 2005*(**Schedule #4**). This memo was written for discussion purposes only in regards to the preliminary trust fund subsidy materials prepared by Towers Perrin. The Committee also received the Towers Perrin report entitled: *Trust Fund Subsidy Discussion* (**Schedule #5**). This report was presented by Michael Hilton and consisted of information regarding the status quo renewal for Blue Shield, Health Net, Kaiser, and Plan 1.
- Per the request of Commissioner Heldfond, City Attorney Gina Rocannova stated that she will research

the question regarding equal versus unequal subsidy distribution to the HMOs and will give him an update report at the next Rates and Benefits Committee meeting.

PUBLIC COMMENTS: Diane Hermann expressed hope that the Mayor's Office understand the purpose and use of the trust fund and not make assumptions based upon the audit and that because Plan 1 receives subsidy does not entitle HMOs to receive a subsidy amount.

- John Madden, retiree, recommended that the committee study and find out why their estimates versus the audit is so far off.

☐ 11222005RB-07 DISCUSSION ITEM **OVERVIEW OF PLANS FOR NEXT RATES AND BENEFITS COMMITTEE MEETING** (Karen Breslin)

- Next rates and benefits meeting will be held on Tuesday, December 20, 2005.
- HMO/Subsidy update

PUBLIC COMMENTS: None

☐ 11222005RB-08 DISCUSSION ITEM **OPPORTUNITY TO PLACE ITEMS ON FUTURE AGENDAS.**

PUBLIC COMMENTS: None

☐ 11222005RB-09 DISCUSSION ITEM **OPPORTUNITY FOR THE PUBLIC TO COMMENT ON ANY MATTERS WITHIN THE BOARD'S JURISDICTION.**

- Commissioner Heldfonld made a special apology to Commissioner Sharon Johnson for misunderstanding regarding a statement he made at the last meeting.
- Commissioner Breslin extended condolences to Mike Kramer for the loss of his father.

PUBLIC COMMENTS: None

☐ ADJOURN **2:35 PM**

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City & County of San Francisco
HEALTH SERVICE BOARD
1145 Market Street • Suite 200 • San Francisco, CA 94103

RATES & BENEFITS COMMITTEE

NOTICE AND AGENDA

Special Meeting

Tuesday, December 20, 2005
1:00 PM

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, California 94103

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- ☐ **CALL TO ORDER**
- ☐ **ROLL CALL**

Committee Chair Karen Breslin
Committee Member Scott Heldfond
Committee Member James Deignan
Committee Member, Sup. Sean Elsbernd
Committee Member Sharon Johnson
Committee Member Mitch Katz, M.D.
Committee Member Claire Zvanski

- ☐ **12202005RB-01** **ACTION ITEM** **APPROVAL (WITH POSSIBLE MODIFICATIONS) OF THE MINUTES OF THE FOLLOWING MEETING:**

  - November 22, 2005

  STAFF RECOMMENDATION: Approve Minutes.

  Documents provided to Committee prior to meeting: Draft minutes.

  PUBLIC COMMENTS:

  ACTION:

☐	12202005RB-02	DISCUSSION ITEM	**OVERVIEW OF SCHEDULE AND PROGRESS FOR THIS YEAR'S RATES & BENEFITS CYCLE** (Karen Breslin) *Documents provided to Committee prior to meeting: Schedule of Rates and Benefits Committee Meetings.* PUBLIC COMMENTS:
☐	12202005RB-03	ACTION ITEM	**REPORT ON FINAL 10-COUNTY SURVEY RESULTS FOR FISCAL YEAR 2006-2007 AND APPROVAL OF SUCH RESULTS, SUBJECT TO FINAL APPROVAL BY HEALTH SERVICE BOARD** (Jeffrey Hildebrant) STAFF RECOMMENDATION: Approve survey results. *Documents provided to Committee prior to meeting: Report on final 10-County Survey results.* PUBLIC COMMENTS: ACTION:
☐	12202005RB-04	ACTION ITEM	**DETERMINATION OF HMO RATES AND BENEFITS FOR ACTIVE EMPLOYEES AND NON-MEDICARE RETIREES FOR PLAN YEAR 2006-2007, SUBJECT TO FINAL APPROVAL BY HEALTH SERVICE BOARD** (Bart Duncan) • OVERVIEW BY TOWERS PERRIN OF APPLICABLE RATE NEGOTIATIONS AND FINAL PROPOSED INCREASES. • BRIEF PRESENTATION BY EACH HMO PLAN OF KEY FACTORS JUSTIFYING PROPOSED RATE INCREASES. STAFF RECOMMENDATIONS: 1. Make no changes to plan designs. 2. Blue Shield: One-year renewal with 5.58% increase. 3. Health Net: One-year renewal with 10.41% increase. 4. Kaiser: One-year renewal with 12.05% rate increase. *Documents provided to Committee prior to meeting: Report prepared by Towers Perrin.* PUBLIC COMMENTS: ACTION:

□	12202005RB-05	ACTION ITEM	**DETERMINATION OF HMO RATES AND BENEFITS FOR MEDICARE-ELIGIBLE RETIRED EMPLOYEES FOR PLAN YEAR 2006-2007, SUBJECT TO FINAL APPROVAL BY HEALTH SERVICE BOARD** (Bart Duncan) • OVERVIEW BY TOWERS PERRIN OF APPLICABLE RATE NEGOTIATIONS AND FINAL PROPOSED DECREASES. • BRIEF PRESENTATION BY EACH HMO PLAN OF KEY FACTORS JUSTIFYING PROPOSED RATE DECREASES. STAFF RECOMMENDATIONS: 1. Make no changes to plan designs. 2. Blue Shield: One-year renewal with 0.42% decrease 3. Health Net: One-year renewal with 3.88% decrease for Seniority Plus rates and 0.62% decrease for Medicare COB rates. 4. Kaiser: One-year renewal with 3.39% rate decrease. *Documents provided to Committee prior to meeting: Report prepared by Towers Perrin.* PUBLIC COMMENTS: ACTION:
□	12202005RB-06	DISCUSSION ITEM	**OVERVIEW OF PLANS FOR NEXT RATES AND BENEFITS COMMITTEE MEETING** (Karen Breslin) PUBLIC COMMENTS:
□	12202005RB-07	DISCUSSION ITEM	**OPPORTUNITY TO PLACE ITEMS ON FUTURE AGENDAS.** PUBLIC COMMENTS:
□	12202005RB-08	DISCUSSION ITEM	**OPPORTUNITY FOR THE PUBLIC TO COMMENT ON ANY MATTERS WITHIN THE BOARD'S JURISDICTION.** PUBLIC COMMENTS:
□	ADJOURN		

SUMMARY OF HEALTH SERVICE SYSTEM RULES REGARDING PUBLIC COMMENT

- Speakers are urged to fill out a speaker card in advance, but may remain anonymous if so desired.
- A member of the public has up to three minutes to make pertinent public comments before action is taken on any agenda item.
- A member may comment on any matter within the Board's jurisdiction at the designated time at the end of the meeting. The complete rules are set forth in Section A(6) of the Health Service System Rules and Regulations. A copy of these Rules and Regulations is available at any time upon request. Call the Commission Secretary, Arnetta Brown, for further assistance at (415) 554-1727.

HEALTH SERVICE BOARD AND THE HEALTH SERVICE SYSTEM WEB SITE
http://hss.sfgov.org

DISABILITY ACCESS

The meeting will be held at City Hall, #1 Dr. Carlton B. Goodlett Place, Room 416. The closest accessible BART Station is Civic Center, three blocks from City Hall. Accessible MUNI lines serving this location are: #42 Downtown Loop, and the #71 Haight/Noriega and the F Line to Market and Van Ness and the Metro stations at Van Ness and Market and at Civic Center. For more information about MUNI accessible services, call (415) 923-6142. There is accessible parking in the vicinity of City Hall at Civic Center Plaza adjacent to Davies Hall and the War Memorial Complex.

Accessible seating for persons with disabilities (including those using wheelchairs) will be available.

The following services are available upon request:

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